

111420  
Decision No. 14420.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of  
SOUTHERN CALIFORNIA TELEPHONE COMPANY  
for an order authorizing exchange areas  
in the territory served; authorizing  
the introduction of measured service,  
and authorizing just and reasonable  
rates, together with rules and regu-  
lations appertaining thereto for the  
territory served.

Application No. 9648

SIMONS BRICK COMPANY, a corporation,  
Complainant,

vs.

Case No. 2026

SOUTHERN CALIFORNIA TELEPHONE COMPANY,  
a corporation,  
Defendant.

Arthur Wright, Pillsbury, Madison and Sutro,  
by H. D. Pillsbury and James T. Shaw, for  
Applicant.

Jess Stephens, City Attorney, and Milton Bryan,  
Deputy City Attorney, for the City of Los  
Angeles.

Paul E. Schwab and Richard C. Waltz, City Attor-  
neys, for the City of Beverly Hills.

Fred Baker and Paul G. McIver, City Attorneys, for  
the City of Montebello.

R. V. Orbison, City Manager, Dudley Robinson, City  
Attorney, and G. R. Kenny, for the City of South  
Pasadena.

W. B. Thompson, City Attorney, for the City of  
Huntington Park.

Carl Bush, for Hollywood Chamber of Commerce.

C. O. Youngstratten and H. C. Pogue, for the  
eastern part of Beverly Hills.

Hill and Morgan and Hugh Gordon, for the Citizens' Phone Rate Committee.

Harry E. Culver, for Harry E. Culver Company.

Ingle Carpenter, for Thos. H. Ince Studios, Inc.

Max Thelen, associated with Joss E. Stephens, for the City of Los Angeles.

O'Melveny, Millikin, Tuller and McNeil, by W. W. Clary, for H. R. Vail et al., California Ty-lite Company, Theodore Payne et al.

Fred E. Pettit, Jr., for the Los Angeles and Salt Lake Railroad Company.

John F. Immel, for the City of Culver City.

Culver and Nourse and Hugh Gordon, for Simons Brick Company.

Stephens and Stephens, for the Vail Company.

W. D. Jones, for Cheviotdale District.

Loeb, Walker and Loeb, by Joseph P. Loeb, for Universal Pictures Corporation.

G. R. Kenny and Paul E. Schwab, for Sherman Chamber of Commerce.

Ernest Irwin, for California Independent Telephone Association.

John W. Kemp, for Los Angeles Chamber of Commerce.

Edward T. Bishop, County Counsel, and Ernest Purdum, Deputy, for County of Los Angeles.

BY THE COMMISSION:

### O P I N I O N

Southern California Telephone Company, the applicant in this proceeding, requested in its original application, filed December 29, 1923, authority to introduce measured service in part of its territory and with reference to certain classes of service therein, and to establish local exchange service as distinguished from general territorial exchange service in certain parts of its

territory. Applicant on February 7, 1924, filed an amended application in which it asked that it be allowed to establish separate exchanges at Montebello and Culver City, and to place in effect the standard toll rates between these exchanges and Los Angeles and other points. The amended application also sets forth applicant's proposed schedule of rates applicable to service in these several proposed exchange areas. These rates contemplate an average increase of approximately 40 per cent over the existing rates. Applicant later suggested the establishment of a separate exchange area at Beverly Hills, with standard toll rates to Los Angeles and other points. On August 20, 1924, applicant requested a further modification of its original application by asking that a rate for foreign exchange service be established. Applicant also requested such further relief as may be found necessary.

Hearings in this proceeding were held before Commissioners Seavey, Shore and Whittlesey in Los Angeles, on February 7, April 8, June 24, 25, 26, 27, August 18, 19, 20, 21, September 17, 18, 19, 22, 23, 24 and 25, 1924.

Petitions for leave to intervene were filed through W. W. Clary, by M. R. Vail, et al, in which petitioners requested that Southern California Telephone Company be required to extend the boundaries of the Los Angeles Exchange Area to include certain sections now in the Montebello Exchange Area, and by California Ty-lite Company et al, and Theodore Payne, in which petitioners requested that Southern California Telephone Company be required to extend the boundaries of the Los Angeles Exchange Area to include a certain section of the present Glendale Exchange Area, located north of Los Feliz Boulevard and east of the Los Angeles River.

A petition was filed by E. P. McCarthy, et al, in which the petitioners requested that the Los Angeles Exchange Area

be extended to include a certain section of the Glendale Exchange Area located along and adjacent to Verdugo Road.

Some eighty (80) letters and petitions from individuals and organizations of Los Angeles and vicinity have been filed with the Commission during this proceeding, protesting against the establishment of measured service and an increase in the rates for telephone service.

The formal complaint, Case No. 2026, filed by Simons Brick Company against applicant on July 23, 1924, and amended on July 25, 1924, was consolidated with Application No. 9648 for hearing, by order of this Commission in Decision No. 13849, dated July 26, 1924. This complaint involved the question of service between exchange areas, a matter under consideration in Application No. 9648.

Appearances were entered by the various cities and organizations as listed, and in many of the hearings joint representation and presentation was followed by the appearing parties.

This is a proceeding in which more than ordinary interest has been taken by telephone subscribers, various organizations, cities and the public in general within the territory served by applicant. Not only were these interests represented, but they were aided by expert legal and engineering counsel. During this proceeding a vast amount of evidence has been introduced. Applicant in its presentation of its case submitted in connection with extended oral testimony, some twenty-four (24) exhibits. These exhibits covered the subjects of valuation, revenues, expenses, licensee revenue charge, Western Electric costs and rate studies and analyses.

The City of Los Angeles submitted some twenty-four (24) exhibits in this proceeding. The scope of the exhibits covered

the effect of measured service and the establishment of separate exchange areas upon the service and charges; change in the primary rate area boundary; comparison of rates of various cities; comparison of costs of telephone equipment; and comparison of operating expenses and cost of service furnished to applicant by American Telephone and Telegraph Company. These exhibits and testimony accompanying were supplemented by oral testimony by Messrs. Wray and Hill, Consulting Engineers of Chicago, who appeared as witnesses for the City.

Following the filing of the application in this proceeding by Southern California Telephone Company in December, 1923, this Commission's Engineering Department immediately began an exhaustive investigation of all operations of the Company. A check was made of the valuation of the properties of Southern California Telephone Company and an investigation made of the reasonableness of the past operating expenses, together with an analysis of applicant's revenue requirements. In addition to these, a most extensive investigation of the service furnished in Los Angeles has been made. This service investigation, however, has not been confined solely to this particular proceeding, but was started some two years ago, and has been continually carried on, and it is contemplated to continue it in the future. The Commission's Auditing Department has made an audit of the Company's books covering the period of the Company's entire operation from 1917 up to December 31, 1923. Seventeen (17) exhibits were submitted covering the results of the work undertaken and performed by the Commission's staff in connection with these investigations. These exhibits dealt with the audit of the Company's books, the check of the valuation, depreciation studies, duplication of plant, rate base, operating expenses and revenues, proposed modification of Primary Rate

Area and Exchange Area boundaries, and a zoning plan as a substitution for the Company's separate exchange method of rendering service. Evidence was also introduced relative to the past and present quality of service rendered.

The City of Beverly Hills submitted ten (10) exhibits relative to the effect of the Company's proposed rates on subscribers residing in Beverly Hills. These exhibits included two reports by Mr. G. R. Kenny, consulting Engineer, dealing with the Company's proposal for the arrangement of separate exchanges at Culver City and Beverly Hills and a comparison of the various rate proposals made in this proceeding. Other exhibits were filed on behalf of Culver City and South Pasadena, the East Side Organization, Theodore Payne, the Town of Sherman and Cheviotdale Tract.

Briefs were filed following the close of the last hearing held in this matter as follows:

1. Opening and reply briefs by City of Los Angeles and General Citizens Telephone Committee by Jess E. Stephens, Hugh Gordon, A. J. Hill and Max Thelen.
2. Reply and closing briefs by Applicant, Southern California Telephone Company, by H. D. Pillsbury and J. T. Shaw.
3. Opening and reply briefs by City of Beverly Hills and Sherman Chamber of Commerce, by E. E. Schwab and Richard E. Waltz.
4. Brief by City of South Pasadena by R. V. Orbison, G. R. Kenny and Horace E. Vedder.
5. Brief by City of Culver City by J. T. Immel.
6. Opening and reply briefs by C. & O. Ornamental Iron Works, et al., by O'Melveny, Millikin, Fuller and Mac Neil by W. W. Clary.

Applicant in this proceeding is seeking the establishment of separate exchanges at Montebello, Culver City and Beverly Hills, with local rates within each exchange area, together with toll rates between areas; the introduction of an optional measured rate for business service, the establishment of a rate for foreign exchange service to allow a subscriber in any exchange area to receive direct service from any other exchange area and an increase of its rates, such as will allow it to receive sufficient revenue to pay operating expenses and a reasonable amount for return upon the value of its plant used and useful in rendering service to its subscribers.

#### History of Company.

Prior to May 1, 1917, telephone service in Los Angeles was furnished by two companies -- The Pacific Telephone and Telegraph Company, which operated a manual system, and the Home Telephone and Telegraph Company, which operated an automatic system. The service, being competitive, practically required many subscribers, particularly business, to subscribe to both services. In 1916, Southern California Telephone Company was organized and on May 1, 1917, acquired the properties of the Pacific and Home Companies and began operations as a public utility.

At the time of consolidation the combined properties of the two companies represented an investment of approximately \$16,000,000. The number of telephone stations, excluding duplicate stations, totaled approximately 119,000. During the period of the war following the consolidation, there was little activity on the part of the Company in extending its system. Commencing

about 1919, and thereafter, a very rapid growth in demand for telephone service occurred, and at the same time the Company experienced increased costs resulting from war and post-war conditions.

This made it necessary for applicant to spend large sums of money in the face of the fact that

it could not expect any relief in the form of increased rates, as did other utilities operating under the Burleson rates, due to a stipulation in which it agreed, at the time of the consolidation, not to ask for any increase in rates during the following five year period. On application by the company, this Commission in its Decision No. 9864 (20-C.R.C. 981) dated December 14, 1921, authorized an increase in rates of approximately 50%, effective January 1922. Since that date no further increase in rates has been granted, although the question of rates and service has been the subject of formal investigation.

Since the war and up to the first of this year, telephone service in Los Angeles has been unsatisfactory. This was due largely to the unprecedented increased demand for telephone service together with the inadequacy of certain portions of the telephone plant acquired during the consolidation and the difficulty which applicant has experienced in obtaining additional equipment. During the past two years the Company has expended large sums of money and has made various changes in its operations in improving its system, and at the present time the general service furnished by applicant is reasonably satisfactory.

At the present time Southern California Telephone Company is furnishing service by means of both manual and automatic equipment in the City of Los Angeles and surrounding territory, including the cities of South Pasadena, Montebello, Vernon, Huntington Park, Culver City and Beverly Hills. The entire area served by applicant is included in one exchange area with the exception of Montebello, where an exchange was established on August 1, 1924, under authority granted in this proceeding, and Culver City, in which both local and Los Angeles service is furnished. The City of South Pasadena is not only served by applicant but is also served by the



Home Telephone and Telegraph Company of Pasadena. On June 30, 1923, the investment of the Company was reported by it to be approximately \$46,000,000.00. The number of stations in service on June 30, 1923 was 197,952, and there was also a held-order list of approximately 20,000 stations. On September 30, 1924, the number of stations had increased to approximately 249,450, with a held-order list of approximately 11,000 stations.

Financially the history of the Company since consolidation indicates earnings below what would be considered a reasonable return on the investment in applicant's properties and as shown on the Company's books the earnings have been below operating expenses since 1921.

The Southern California Telephone Company has been before this Commission in formal proceedings since the time of the consolidation in 1916, as follows:

1. Consolidation - Dec. 3845. App. 2227 (11 CRC 806).
2. Subscriber's Option of Telephone - Dec. 7311  
App. 2227 (17 CRC 968).
3. Culver City Rates - Dec. 9516. Case No. 1538.  
(20 CRC 568).
4. Rates and Service - (Dec. 9864. App. 6285 (20 CRC 981)  
(Dec. 10142. App. 6285 (21 CRC 274)).
5. Rates and Services - Dec. 12733. App. 8145 -  
Case 1796 (24 CRC 14). Dec. 13478. App. 8145(24 CRC-  
854).
6. Stock Issues - Dec. 12929. App. 9456 (24 CRC 228).

#### General.

The consideration of this proceeding resolves itself into two main subdivisions, first, the determination of the total gross compensation which the utility should receive from its subscribers for service rendered; and second, the determination of the spread of charges among the various classes and groups of subscribers. The first of these involves the determination of a rate base, depreciation allowance, operating expenses, proper compensation

from connecting communication utilities, rate of return, and lastly, the total gross revenue required to meet these items. The second requires the determination of the kind and classes of service the Company is to render, the method of payment of charges, and the relation of the various charges which are to apply to the different services. This involves the determination of the rate differential between the different classes of subscribers' service, and between the different grades of service within each group, such that the aggregate of all charges will result in that total gross revenue which the Company is entitled to received.

The rates which will be fixed herein will be effective during 1925 rather than for the year 1924. As the evidence presented in this proceeding relative to estimated capital, operating revenues and expense are based upon more definitely known facts for the year 1924, it appears logical, therefore, to use the basis of 1924, adjusted for changes made during the year, as a measuring stick to determine the reasonableness of the rates rather than attempt to estimate the particular conditions of 1925.

Valuation and Rate Base.

Applicant submitted a so-called inventory of its properties as of June 30, 1923, together with three appraisals and also a report showing the book cost of its property as of that date. The totals as submitted are as follows:

|  | <u>Valuation as of<br/>June 30, 1923</u> |
|--|--|
| Reproduction Cost New                      | \$62,072,600.00                          |
| Reproduction Cost New Less<br>Depreciation | 57,881,300.00                            |
| Actual Performance Appraisal               | 47,306,484.92                            |
| Book Cost                                  | 45,797,352.58                            |

The Reproduction Cost New estimate apparently assumes a six-year construction period, two for planning and development and four for actual construction, with prices based upon price trends covering the present and the future. In the estimate it has been assumed that the plant would commence to come into actual operation during the last three years of construction. Approximately \$7,000,000.00 has been included in this total for Interest During Development and Loss from Operation, in addition to Interest during Construction of \$1,424,000. under the hypothetical reproduction period estimated by the Company. This appraisal also in-

cludes the estimated cost of cutting and replacing pavements not actually cut by applicant. These two items are in excess of that which would be found under an actual performance appraisal even were price conditions of the present in effect. This estimate, as is the case with many estimates on Reproduction Cost New, includes the estimated cost under present prices of property as it exists, although to a considerable extent the older property is at the present time more or less obsolete and would not be constructed as actually installed were the property to be built at this time. The utility is now actively engaged in taking out some of the property and will continue to be engaged in this work because of obsolescence and inadequacy.

The entire estimate is based upon assumptions of conditions which have not in practice occurred and probably never will occur. It is apparent that the Company itself does not believe that either its Reproduction Cost New or its estimate of Reproduction Cost Less Depreciation are the dominant factors in determining value, although this is urged in its brief. Its own witness, Mr. Fleeger, after considering, as he stated, the question of the property as a whole and the various elements of value and factors affecting it, concluded that the fair value of the property as of June 30, 1923, was \$50,000,000.00, or over \$7,000,000.00 less than the estimated Reproduction Cost Less Depreciation and over \$12,000,000.00 less than the estimated cost of Reproduction New.

The Company's position that the present reproduction value of the property is a very important factor in the determination of the fair value of the property and the rate base to be allowed, raises again before this Commission the question of the basis of valuation to be followed in the determination of rates. The provisions of the law with reference to this subject are not explicit,

and discussion is, therefore, largely turned upon decisions of the courts. The difficulty in making a direct application of decisions of courts in the problems before the Commission is that the higher courts usually only affirm or reverse the findings of the lower tribunals, although some pronouncements as to the exact basis have been made. The decisions generally deal more with the problem of what is or is not confiscation than with the soundness as a whole of the various principles of rate regulations which have been under review. The general basis which has been used in establishing confiscation is that the utility is entitled to receive a fair return upon the reasonable value of its properties at the time of the inquiry. This rule has been developed and is used as a test of confiscation, and is not the result of an inquiry seeking the basis of rates that will establish the most advantageous economic relations between public utilities, the investors, and the public.

The enormous demand for telephone service in Los Angeles and the continuing requirements for large additional capital year by year require that rates be established on a basis that will make possible continuous development by the utility and the rendering of adequate service. The Company, to a large extent, as an agent of the public, is called upon to expend moneys regardless of whether the price of material and labor is high or low. The investment may be relatively high because the demands of the public come at a time of high prices, or relatively low because the demands come at times of low prices. Applicant cannot choose when it is to expend money if adequate service is to be rendered. As a matter of equity, therefore, the utility is entitled to consideration of its investment

and both it and the public should be protected against the effect of wide fluctuation in values, determined on fluctuating prices of materials or labor. The experience of this utility during the past few years has indicated the necessity, if the public is to be continuously and adequately served, that the utility have a fair and stabilized return upon the moneys that it has invested in the property. Although it might be to the advantage of the utility to claim a value based upon a reproduction of the property at this time, the effect upon the utility in case of a drop in the level of prices might be seriously detrimental to it and the public in the future.

The welfare of the city requires that the rates for telephone service be as high as, and no higher than, is necessary for development of the Company to keep pace with the demand for service. It is true that in the past enormous development has been carried on with little or no return, but this cannot continue, and has occurred partly because of the belief that when good service was rendered, adequate rates might be obtained. A return that is sufficiently liberal to encourage the investment of new money can hardly be held to be confiscatory. It is interesting to note that the Company, in this case, does not ask for rates which, in accordance with its theories and estimates it claims, it would be entitled to under the law. It is apparent that the Company itself appreciates the fact that the application of the rates which it claims it is legally entitled to would be injurious to the Company itself. The main problem before the Commission is to determine a basis which will keep the Company solvent, growing and in a position to maintain its property and render adequate service at the present and in the future.

The Company's Actual Performance Appraisal, with the exceptions set forth hereafter, closely approximates in principle the Historical Cost Undepreciated heretofore used by this Commission. The Commission's Engineering Department made a check of the inventory of the property and insofar as it was practicable, and found the inventory to be reasonably correct. A more extensive check was made of the Actual Performance Appraisal submitted by the Company. As to the structural properties, the report of the Commission's engineers was that the Actual Performance Appraisal was in their opinion reasonable and closely represented the Historical Reproduction Cost Undepreciated. It appears that it was not possible definitely to check the reasonableness of the appraisal of central office equipment and private branch exchanges. This part of the property has been, in most cases, installed by the Western Electric Company for the account of the local Company and there is no direct comparison with other costs, because the Western Electric Company is the only company supplying a large part of this equipment. The evidence, however, indicates that the level of wages paid in connection with the installation of equipment was reasonable as compared with wage scales of other utilities, and also, the evidence is fairly definite that, insofar as Western Electric prices are com-

parable with similar prices, they are lower to applicant than those of competing firms. From this it cannot be concluded that the costs are higher than are reasonable, although no complete and satisfactory check can be made.

The Commission's engineers submitted an exhibit setting forth an estimated rate base for the properties for the year 1924 using the actual performance appraisal as submitted and checked, excluding certain items which were considered as not properly belonging to the rate base. The Company has included the sum of \$2,859,302.00 for construction work in progress, as a part of the Actual Performance Appraisal. This represents buildings and equipment under construction but not completed, as differentiated from plant installed in excess of the immediate demands but reasonably required for the general growth of the system and rendering of adequate service. This construction work in progress represents property not used and useful in the public service at the time of valuation and to which interest during construction should be added as a capital account. We can see no justification for the inclusion of this item in the rate base. Certain deductions were made for duplication of plant, and there appears no question as to their correctness. There were also excluded from the amounts set forth in the Company's appraisal items representing cash, employees' working funds and amounts due from subscribers and agents. In place thereof the engineers of the Commission allowed an amount to cover working cash capital,



which amount is in accordance with the general basis heretofore found reasonable by this Commission relative to working cash capital.

In the valuation of lands submitted by the Commission's engineers totaling \$2,287,015.00 as of December 31, 1923, certain lands were included which did not represent operative property as of that date, but which would become operative some time after June 30, 1924, when the buildings being constructed thereon would become operative. These lands are in the same general classification as Construction Work in Progress. It would appear that the account representing these lands, and totaling \$518,900.00 should be excluded.

The City of Los Angeles and General Citizens' Telephone Committee urge that possible further reductions should be made in the appraisal. It is suggested that an item of Interest During Construction of \$237,409.00, included by the engineers, may be on construction work in progress and therefore should be excluded. It appears that this item does not represent interest on construction work in progress but is interest during construction not transferred to various accounts. We see no reason for a reduction of any of this amount.

Further Reduction is urged in view of the fact that the total actual Performance Appraisal as of May 1, 1917, was in excess of the investment in the property as shown by the issuance of stocks and bonds at the time of consolidation. Reference to Decision No. 3845 (11 C.R.C. 806) indicates clearly that the Reproduction Cost New of the properties consolidated at that time was in reality on the historical basis. The issuance of securities in connection with the consolidation was on the basis of this

Reproduction Cost (historical) less estimated accrued depreciation, a figure approximately \$3,000,000.00 less. The reasonable Historical Reproduction Cost, undepreciated, of the properties represents, with the exception of lands which are included at the present value, the reasonable cost new of the properties when and as constructed. It does not appear that any change in the Commission's engineer's figures should be made for the reason urged.

It is urged by the City and the Citizens' Committee, based largely upon the evidence submitted by their engineer, Mr. Dillon, and through testimony of Messrs. Wray and Hill, that the Company is now over-installed and that much plant has been constructed which is for future operations rather than for the present; and that, therefore, a further reduction should be made because of this over-installation. These conclusions appear based mainly upon the fact that the investment per station has increased materially since 1917, and the cost per station added during recent years has been high. Comparison is made of the costs per station in Chicago and New York showing that both the added cost per station during recent years and the total cost per station in Los Angeles is relatively much higher. Sufficient data is not available to show the correct weight that can be given to these comparisons. They are indicative of higher costs but not of unjustified costs under the relative circumstances existing. Without question, applicant's system was under-developed in 1919, 1920, 1921, 1922 and possibly in 1923. The inability of applicant to serve the new subscribers applying and the unsatisfactory service rendered to subscribers on its system clearly show that a material increase in facilities was imperative. The City and this Commission has continuously urged applicant to exert greater

effort to meet the demands and unless it has far over-shot the mark at this time, no reduction of capital should now be made. Applicant is just catching up with the demand for service. A certain reasonable surplus of plant facilities is essential for good service. In June 1922 and 1923, when the fixed capital amounted to \$170.00 and \$210.00 per station, respectively, unsatisfactory conditions existed both as to service and delayed installation. This Commission believes that the Company should maintain a reasonable amount of spare equipment and facilities in order that all demands for telephone service may be properly taken care of and that it should not be necessary for prospective subscribers to wait for any undue length of time before service can be obtained. There is no better indication that good service is assured than for applicant to be in such a position. Applicant has been installing extensive basic plant, thus laying the foundation for the future growth in the City. All new plant must be constructed with the future in view. It may be possible that the present investment per station is somewhat higher than will obtain on the average in the future. It does not appear, however, that over-built plant exists to the extent that any deduction from the rate base should be made.

Table No. 1 herein sets forth, by accounts, applicant's claimed valuations and book cost. Table No. 2 sets forth the summaries, together with additions to December 31st, 1923, as shown in applicant's exhibits. Table No. 3 shows details of the actual performance appraisal, by accounts, of operative property plus additions and betterments to December 31st, 1923, as used by the Commission's engineers.

The Commission's Engineers' estimate of the rate base for 1924 is set forth in Table No. 4.

The landed capital as set forth in the Engineer's exhibit should be reduced on account of land not in operation. On the other hand, it appears that the average operative additions and betterments for the year 1924 will be approximately \$7,706,000. as compared with the actual for the first six months of \$6,727,907. due largely to the bringing into completion of a greater amount of property during the last six months of 1924 than during the first six months. It is to be noted also that the estimated average number of subscriber stations for the year 1924 is 243,000 and is in excess of the number connected and in service as of June 30, 1924, by 1245 stations.

The second column of Table No. 4 sets forth the estimated rate base found reasonable herein for the year 1924 totalling \$58,681,454. This is in comparison with the Company's claim of fair value, as of the same date, of \$66,147,000.

TABLE NO. 1  
APPLICANT'S VALUATION OF PROPERTIES.  
AS OF JUNE 30, 1923.

| Account                    | Actual<br>Performance<br>Appraisal<br>S.O.T.C.<br>Ex. #3. | Est. Cost<br>of Repro-<br>duction<br>S.O.T.C.<br>Ex. #4. | Est. Cost<br>of Repro-<br>duction less<br>Depreciation<br>S.O.T.C. Ex. #5. | Amount<br>on<br>Books<br>S.O.T.C.<br>Ex. #6. |
|----------------------------|---|--|--|--|
| 201 Organization           | \$ 1,793.32   | \$ 75,000  | \$ 75,000  | \$ —   |
| 202 Franchises             | 4,624.90  | 4,600  | 4,600  | 4,107.00                                     |
| 204 Other Intangibles      | —   | —  | —  | 527,645.37                                   |
| 207 Exchange Rt. of Way    | 95,353.95   | 159,300  | 156,100  | 95,353.95                                    |
| 211 Land                   | 1,861,991.36  | 1,861,300  | 1,986,700  | 861,668.51                                   |
| 212 Buildings              | 2,265,075.46  | 2,736,500  | 2,520,200  | 2,222,048.69                                 |
| 221 Central Office Equpt.  | 14,600,921.07   | 16,584,900   | 15,258,100   | 14,241,467.99                                |
| 231 Station Apparatus      | 2,261,197.28  | 2,264,400  | 2,015,300  | 2,250,378.91                                 |
| 232 Station Installation   | 1,617,460.90  | 1,972,000  | 1,577,600  | 1,611,415.71                                 |
| 233 Interior Block Wire    | 32,500.67   | 54,500   | 43,600   | 32,327.28                                    |
| 234 Private Branch Exch.   | 1,952,027.71  | 2,336,600  | 2,219,800  | 1,942,581.82                                 |
| 235 Booths & Sp. Fittings  | 20,400.72   | 21,400   | 17,100   | 20,400.72                                    |
| 241 Exchg. Pole Lines      | 1,896,971.35  | 2,287,600  | 1,875,800  | 1,813,713.86                                 |
| 242 Exchg. Aerial Cable    | 2,883,414.60  | 2,881,800  | 2,737,700  | 2,702,618.41                                 |
| 243 Exchg. Aerial Wire     | 1,604,738.38  | 1,896,500  | 1,422,400  | 1,561,357.72                                 |
| 244 Exchg. U.G. Conduits   | 3,075,517.65  | 4,645,800  | 4,460,000  | 2,967,986.32                                 |
| 245 Exchg. U.G. Cable      | 7,189,866.55  | 7,794,800  | 7,405,100  | 7,006,480.01                                 |
| 252 Toll Aerial Cable      | 3,540.70  | 5,700  | 4,900  | 2,903.37                                     |
| 253 Toll Aerial Wire       | 40,314.10   | 53,100   | 47,800   | 34,482.17                                    |
| 254 Toll U.G. Conduit      | 394.09  | 400  | 400  | 382.27                                       |
| 255 Toll U.G. Cable        | 6,753.14  | 9,200  | 8,700  | 6,415.48                                     |
| 261 Office Fur. & Fixtures | 294,429.70  | 294,400  | 220,800  | 294,429.70                                   |
| 262 Gen. Shop Equpt.       | 7,236.00  | 7,200  | 5,000  | 7,236.00                                     |
| 263 Gen. Store Equpt.      | 13,697.16   | 13,700   | 11,000   | 13,697.16                                    |
| 264 Gen. Stable & Garage   | 554,097.48  | 554,100  | 387,900  | 554,097.48                                   |
| 265 Gen. Tools & Equpt.    | 148,247.04  | 148,300  | 148,200  | 148,247.04                                   |
| Total carried forward      | \$42,432,675.28   | \$48,663,100   | \$44,609,900   | \$40,923,542.94                              |

TABLE NO. 1 (Continued)  
APPLICANT'S VALUATION OF PROPERTIES.  
 AS OF JUNE 30, 1923.

| Account.                                 | Actual<br>Performance<br>Appraisal<br>S.C.T.C.<br>Ex #3. | Est. Cost<br>of Repro-<br>duction<br>S.C.T.C.<br>Ex #4. | Est. Cost<br>of Repro-<br>duction less<br>Depreciation<br>S.C.T.C. Ex. #5. | Amount<br>on<br>Books<br>S.C.T.C.<br>Ex. #6. |
|--|--|---|--|--|
| Brought forward                          | \$42,432,675.28  | \$48,663,100  | \$44,609,900   | \$40,923,542.94                              |
| 268 Interest during<br>Construction      | 237,408.90   | 1,424,000   | 1,310,100  | 237,408.90                                   |
| 270 Undistributed Const.<br>Expenditures | 2,703.13   | 325,000   | 325,000  | 2,703.13                                     |
| 104 Construction Work<br>in progress     | 2,859,301.95   | 2,859,300   | 2,859,300  | 2,859,301.95                                 |
| 113 Cash                                 | 141,355.43   | 141,400   | 141,400  | 141,355.43                                   |
| 115 Employees' Working Funds             | 35,939.54  | 35,900  | 35,900   | 35,939.54                                    |
| 118 Due from Subscribers<br>and Agents   | 384,847.26   | 384,800   | 384,800  | 384,847.26                                   |
| 122 Mat'ls. & Supplies                   | 1,212,262.43   | 1,212,300   | 1,188,100  | 1,212,262.43                                 |
| Loss from Operation                      | --   | 188,600   | 188,600  | --   |
| Int. During Development                  | --   | 6,838,200   | 6,838,200  | --   |
| TOTAL                                    | 4,873,809.64   | 13,409,500  | 13,271,400   | 4,873,809.64                                 |
| GRAND TOTAL                              | \$47,306,484.92  | \$62,072,600  | \$57,881,300   | \$45,797,352.58                              |

TABLE NO. 2  
APPLICANT'S SUMMARY OF APPRAISALS  
AND FAIR VALUE.

1924 Estimate.

|  | <u>Total</u><br>as of<br>June 30<br>1923 | <u>Additions &amp;</u><br><u>Betterments</u><br>June 30, 1923<br>to<br>Dec. 31, 1923 | <u>Total</u><br>as of<br>Dec. 31,<br>1923 | <u>Estimated</u><br><u>Average</u><br><u>Additions</u><br>and<br><u>Betterments</u><br>1924 | <u>Estimated</u><br><u>Average</u><br>1924. |
|--|--|--|---|---|---|
| Actual Performance Appraisal                     | \$47,306,484.92                          | \$8,142,059.33   | \$55,448,544.25                           | \$8,005,000.00  | \$63,453,544.25                             |
| Estimated Cost of Reproduction                   | 62,072,600.00                            | 8,142,059.33   | 70,214,659.33                             | 8,005,000.00  | 78,219,659.33                               |
| Estimated Cost of Reproduction less Depreciation | 57,881,300.00                            | 8,142,059.33   | 66,023,359.33                             | 8,005,000.00  | 74,028,359.33                               |
| Book Figure                                      | 45,797,352.58                            | 8,218,745.61   | 54,016,098.19                             | 8,072,000.00  | 62,088,098.19                               |
| Fair Value                                       | \$50,000,000.00                          | \$8,142,000.00   | \$58,142,000.00                           | \$8,005,000.00  | \$66,147,000.00                             |

TABLE NO. 3

OPERATING PROPERTIES OF SOUTHERN CALIFORNIA TELEPHONE COMPANY,  
AS OF DECEMBER 31, 1923.

| Account                            | June 30, 1923:         | Additions<br>& Betterments: | June 30, 1923: | Dec. 31, 1923: | Operative<br>Property<br>Less Lands<br>as of<br>June 30, 1923: | Operative<br>Property<br>Including<br>Lands as of<br>Dec. 31, 1923.: |
|------------------------------------|------------------------|-----------------------------|----------------|----------------|--|--|
| 201 Organization                   | \$1,793.32             | -                           |                |                | \$1,793.32   |  |
| 202 Franchises                     | 4,634.90               | -                           |                |                | 4,634.90   |  |
| 207 Exchange Right of Way          | 95,353.95              | \$3,468.14                  |                |                | 98,822.09  |  |
| 211 Lands                          | -                      | -                           |                |                | 1,768,115.00   |  |
| 212 Building                       | 2,265,075.46           | 732,079.28                  |                |                | 2,997,154.74   |  |
| 221 Central Office Equip.          | 14,600,921.07          | 4,512,659.83                |                |                | 19,113,580.90  |  |
| 231 Station Apparatus              | 2,261,197.28           | 237,038.14                  |                |                | 2,498,235.42   |  |
| 232 Station Installation           | 1,617,460.90           | 379,679.79                  |                |                | 1,997,140.69   |  |
| 233 Interior Block Wires           | 32,500.67              | 5,154.20                    |                |                | 37,654.87  |  |
| 234 Private Branch Exch.           | 1,952,027.71           | 364,892.66                  |                |                | 2,316,920.37   |  |
| 235 Booths & Spec. Fixt.           | 20,400.72              | 1,942.78                    |                |                | 22,343.50  |  |
| 241 Exch. Pole Lines               | 1,896,971.35           | -10,725.34                  |                |                | 1,886,246.01   |  |
| 242 Exch. Aerial Cable             | 2,883,414.60           | -107,702.94                 |                |                | 2,775,711.66   |  |
| 243 Exch. Aerial Wire              | 1,604,738.38           | -36,188.92                  |                |                | 1,568,549.46   |  |
| 244 Exch. U. G. Conduits           | 3,075,517.65           | 232,639.26                  |                |                | 3,308,156.91   |  |
| 245 Exch. U. G. Cable              | 7,189,866.55           | 1,079,541.07                |                |                | 8,269,407.62   |  |
| 252 Toll Aerial Cable              | 3,540.70               | -                           |                |                | 3,540.70   |  |
| 253 Toll Aerial Wire               | 40,314.10              | 2,016.51                    |                |                | 42,330.61  |  |
| 254 Toll U. G. Conduit             | 394.09                 | -                           |                |                | 394.09   |  |
| 255 Toll U. G. Cable               | 6,753.14               | -                           |                |                | 6,753.14   |  |
| 261 Office Fur. & Fixt.            | 294,429.70             | 41,023.62                   |                |                | 335,453.32   |  |
| 262 Gen. Shop Equip.               | 7,236.00               | 444.47                      |                |                | 7,680.47   |  |
| 263 Gen. Store Equip.              | 13,697.16              | 4,846.07                    |                |                | 18,543.23  |  |
| 264 Gen. Stable & Garage           | 554,097.48             | -102,787.43                 |                |                | 451,310.05   |  |
| 265 Gen. Tool & Equip.             | 148,347.04             | 3,788.17                    |                |                | 152,135.21   |  |
| <b>TOTAL LESS LANDS</b>            | <b>\$40,570,683.92</b> | <b>\$7,343,802.36</b>       |                |                |  |  |
| <b>TOTAL INCLUDING LANDS</b>       |                        |                             |                |                |  | <b>\$49,682,608.28</b>   |
| 268 Int. During Const.             | 237,408.90             | 85,944.81                   |                |                | 323,353.71   |  |
| 270 Undistributed Const. Exp.      | 2,703.13               | 7,287.56                    |                |                | 9,990.69   |  |
| <b>TOTAL</b>                       | <b>240,112.03</b>      | <b>93,232.37</b>            |                |                |  | <b>333,344.40</b>  |
| <b>GRAND TOTAL LESS LANDS</b>      | <b>\$40,810,795.95</b> | <b>\$7,437,041.73</b>       |                |                |  |  |
| <b>GRAND TOTAL INCLUDING LANDS</b> |                        |                             |                |                |  | <b>\$50,015,952.68</b>   |

(-) Denotes credit item.



TABLE NO. 4

RATE BASE

SOUTHERN CALIFORNIA TELEPHONE COMPANY

1 9 2 4

|   | <u>C.R.C. Eng. Dept.</u><br><u>Estimated</u><br><u>Rate Base</u><br><u>1924</u> | <u>Reasonable</u><br><u>Rate Base</u><br><u>1924</u> |
|---|---|--|
| Operative Property as per C.R.C. Exhibit<br>(Brown Report as of June 30, 1923)  | \$40,468,902.   | \$40,468,902.  |
| Other Accounts as of June 30, 1923  |   |  |
| Exchange Right of Way   | 95,354.   | 95,354.  |
| Interest During Construction  | 237,409.  | 237,409.   |
| Organization  | 1,793.  | 1,793.   |
| Franchises  | 4,635.  | 4,635.   |
| Undistributed Construction Expenditures   | 2,703.  | 2,703.   |
|   | <hr/>   | <hr/>  |
| Operative Property less lands<br>as of June 30, 1923                            | \$40,810,796.   | \$40,810,796.  |
| Additions and Betterments, less lands<br>July 1, 1923 to Dec. 31, 1923          | 7,437,043.  | 7,437,042.   |
|   | <hr/>   | <hr/>  |
| Operative Property less Lands,<br>as of Dec. 31, 1923                           | \$48,247,839.   | \$48,247,838.  |
| Operative Lands as per C.R.C. Exhibit<br>(McAnliffe Report) as of Dec. 31, 1923 | 2,287,015.  |  |
| Reasonable operative Lands as of Dec. 31,<br>1923                               |   | 1,768,115.   |
|   | <hr/>   | <hr/>  |
| Operative Property as of Dec. 31, 1923  | \$50,534,854.   | \$50,015,953.  |
| Additions and Betterments<br>January 1, 1924 to June 30, 1924                   | 6,727,807.  |  |
| Average Additions and Betterments-1924  |   | 7,706,000.   |
|   | <hr/>   | <hr/>  |
| Operative Property as of June 30, 1924  | \$57,262,661.   | \$57,721,953.  |
| Duplication of Plant as of June 30, 1924  | 40,500.   | 40,500.  |
|   | <hr/>   | <hr/>  |
|   | \$57,222,161.   | \$57,681,453.  |
| Materials and Supplies and<br>Working Cash Capital                              | 1,000,000.  | 1,000,000.   |
|   | <hr/>   | <hr/>  |
| Rate Base - 1924  | \$58,222,161.   | \$58,681,453.  |

## DEPRECIATION

The Southern California Telephone Company has estimated the sum of \$2,812,000.00 as the depreciation allowance to be included in operating expenses on the basis of the year 1924. This depreciation is estimated on a straight line basis, and totals 5.28 per cent of the depreciable fixed capital accounts. It is the position of the Telephone Company that because of jurisdiction of the Interstate Commerce Commission over the accounting of telephone companies doing interstate business, and the requirements of that Commission relative to accounting, the California Commission has no jurisdiction to fix a different amount for depreciation or to use a different method of computing depreciation than has been followed by the Telephone Company under Interstate Commerce Commission accounting classification and rules. It is apparent from the evidence that the Interstate Commerce Commission has not prescribed at this time any specific rules for the determination of depreciation for telephone companies. It is now engaged in the work of determining rates of depreciation for telephone companies as required by the Act, but no final action has been taken by the Commission as yet. The amount of interstate business handled by this Company is a very minor portion of the total business.

One of the problems before this Commission is the determination of the reasonableness of the operating expenses of this utility in connection with the fixing of local rates. No evidence was presented to indicate that the Interstate Commerce Commission has made any investigation to determine what is a reasonable depreciation allowance for this utility. The position taken by the Company in this connection is equally as applicable to all other expenses. It is required under the classification of accounts to report its actual operating expenses. It is true that charges to depreciation of plant and equipment are based upon estimates and

not upon actual expenses, but it cannot be contended that because the Company is required to report its actual expense or its estimate of expense to the Interstate Commerce Commission the Act under which that Commission operates precludes a state commission, dealing with a matter over which the Interstate Commerce Commission does not have general jurisdiction, from inquiring into and determining the reasonableness of the amount set forth in the Company's books.

We are convinced from a consideration of the evidence and the citations in the briefs that this Commission in local rate cases has jurisdiction to question the reasonableness of allowances for operating expenses, including depreciation. The depreciation reserve accumulated by the Company has been largely invested in its operative property, on which a return is allowed or in property under construction on which interest during construction may be capitalized. It appears, therefore, that in using a cost undepreciated basis a return is allowed upon the reinvested depreciation. The public should have credit for this earning. If a straight line depreciation is to be followed, then the accrued depreciation on a straight line basis received from the public through rates should not be included in the sum upon which a return is allowed, unless it is to be assumed that in determining the fair rate of return this portion of the moneys invested was obtained on a basis requiring no interest payment.

Mr. Paul Thelen, of the Engineering Department of the Commission, submitted a report based upon an exhaustive analysis of depreciation, both on applicant's and The Pacific Telephone and

Telegraph Company's system. The results of his analysis as supplemented by testimony in the hearing were not questioned by the Company. In the exhibit on revenues and expenses presented by the Commission's engineers, an annuity computed upon a 5% sinking fund basis was used. In the case of many electric companies, a 6% sinking fund basis has been used. In view, however, of the fact that those companies had earned in the past and are now generally earning a reasonable return, while in the case of this Company the earnings during the past seven years have been low, it would appear that a 5% sinking fund basis is more equitable to applicant and the public than 6%.

Mr. Paul Thelen submitted in testimony certain suggested modifications of the estimate of depreciation set forth in his exhibit. After further analysis, he was of the opinion that the lives originally estimated for station apparatus should be reduced from 4½ years to 4 years, and that a change should be made in the life of private branch exchanges and possibly in the life and salvage of central office equipment. We are not convinced that any change should be made at this time in his original estimates made relative to central office equipment. As to the other two changes, it appears that an adjustment should be made.

On the basis of the estimate submitted in Mr. Thelen's exhibit an annuity of \$1,680,000.00 was included in the exhibit of total operating expenses. By using the modifications testified to by Mr. Thelen involving station apparatus and private branch exchanges, this figure then becomes \$1,709,000.00. This amount is subject to increase on account of the increase in average additions and betterments for 1924 over that included in the engineer's estimate. Correcting for this, we find the reasonable annuity for 1924 to be \$1,742,000.00.

### COST OF TOLL SERVICE

The question of the proper division of toll charges paid by subscribers of applicant for toll service over lines of connecting companies is of particular interest and importance in this proceeding and must be given careful consideration. Prior to January 1, 1923, Southern California Telephone Company for certain services performed in connection with the operation of toll business, furnished terminal equipment, collected tolls charged by Pacific Company against applicant's subscribers, and otherwise acted as a toll agent for Pacific Company at Los Angeles, and received from The Pacific Telephone and Telegraph Company a commission of thirty per cent (30%) of all the Pacific Company's collections from subscribers and patrons of the Southern California Telephone Company as compensation. In like manner, applicant received a commission of twenty per cent (20%) of the originating toll business within the City of Los Angeles destined to points on the lines of United States Long Distance Company, and fifteen per cent (15%) of originating toll business within the City of Culver City.

During the early part of the year 1924, applicant and The Pacific Telephone and Telegraph Company, after making certain changes in the method of handling toll messages, mutually agreed to reduce the commission paid by the latter to applicant from thirty per cent (30%) to twenty per cent (20%). The adjustment in applicant's books was made to this basis retroactive to January 1, 1924.

The primary change in operations resulted in the transfer of the toll operators' pay roll expense heretofore borne by Southern California Telephone Company to the Pacific Company. For the remaining work now performed by applicant in connection with toll operations, it believes that a commission of twenty per cent (20%) on the originating toll business, destined to points on the Pacific Company's system, is all it is entitled to receive from the Pacific Company.

The Company did not submit any detailed information to justify its contentions, but it did state that the compensation which it should receive should only cover the cost of such expense ~~as~~<sup>as</sup> it incurs in connection with the operation of toll equipment and plant, billing, and items of such a nature.

Mr. Dodge, the Commission's Telephone and Telegraph Engineer, in his testimony on this matter, stated that the compensation which applicant should receive should also cover those expenses which applicant incurs in connection with the operation of local exchange plant used in the transmission of toll calls. Under the conditions of present operation, this additional compensation over that claimed by the Company during the year 1923, amounted to a sum of \$120,600.00, equivalent to 6.8% of the originating toll revenue during that period. The Company offered no particular objection to this method of determining reasonable compensation and neither submitted, nor offered to submit, evidence to show that the method as proposed by Mr. Dodge was not a proper and equitable method to follow. Mr. Wray, in his discussion of this matter, was of the opinion that the method followed by Mr. Dodge was sound, but believed that he had been conservative in some of his assumptions and that the total compensation, as allowed, should have been increased by at least \$100,000.00.

Southern California Telephone Company is engaged solely in the business of rendering exchange service, except for toll service between Los Angeles and Montebello, which service was established August 1, 1924. The subscribers of applicant receive from it, exchange service and toll service from the toll companies made available through connecting agreements with applicant.

Where the same utility furnishes both exchange and toll service, the division between toll and exchange revenue does not present the same questions as those appearing in this proceeding, in which applicant furnishes exchange service only. Where a

utility furnishes both services, it receives both the toll and exchange revenues and the question is therefore one of prorating the total charges between different classes of service. Where the utility furnishes exchange service only, its total revenue, in accordance with the present practice, consists of exchange revenue plus a commission on the gross toll revenue charged by the toll companies. At the present time, the commission which applicant receives covers the cost of certain expenses incurred by it, excluding those expenses of operations resulting from the use of exchange facilities necessary in connection with rendering of toll service.

It is the applicant's position that the return which it is entitled to receive must be determined solely upon its operations, and that the Pacific Company, or other companies with which it is closely associated, should in no way be made to carry any part of the expense of operation of applicant, nor should its losses be in any way absorbed by these associated companies if they should happen to be in a more favorable financial condition. On this basis applicant should then expect to receive from the connecting companies which are closely associated with applicant, full compensation for all work<sup>done</sup>/by it in any way in connection with the rendering of toll service going over the associated companies' lines. If applicant does not receive this full compensation then it must either receive a lower return than that to which it is entitled or else the difference must be made up by corresponding increase in its rates for exchange service.

It is the position of this Commission that the minimum compensation which applicant should receive from the connecting toll companies should be the total out-of-pocket cost covering the work done by it in connection with the toll business plus a reasonable profit, unless this would result in prohibitive toll rates.

Applicant failing to make any such showing that this procedure would result in excessive toll rates, the pro rata of expenses between toll and exchange operations should be made. The out-of-pocket cost resulting from the performance of these services will include a portion of the maintenance and depreciation, traffic and commercial expenses which are incurred in connection with the rendering of toll service.

The cost of the toll service to Southern California Telephone Company under the conditions existing in 1923, as determined by Mr. Dodge, amounted to \$897,000.00, equivalent to 50.8% of the originating toll revenue as compared with an actual payment of \$491,683.00. During the year 1923, the expense in connection with the toll service was \$405,317.00 greater than the payments which applicant received from the connecting companies for whom the service was rendered. The corresponding cost of toll service, assuming applicant performs certain toll operations in accordance with the 1924 method of operation amounts to \$444,900.00, equivalent to 25.2% of the total gross originating toll revenue. This amount is to be compared with the compensation which applicant is now receiving under an agreement mutually entered into with the Pacific Company, wherein it is to receive only 20% of the gross revenue.

The cost of toll service performed by applicant, as set forth in the accompanying table is divided into two portions, one the direct toll expense and the other toll expense of operations common to toll and exchange service. The sum of these two items, although they represent the total out-of-pocket cost to applicant of rendering toll service, does not necessarily represent the total compensation which applicant should receive from the toll companies. The amount included in the table as the cost of toll service does not include any amount covering a reasonable return on the invest-



ment, which applicant is entitled to receive. These totals are subject to addition of \$35,000.00 to cover a proration of return on investment on the basis used by Mr. Dodge for pro-rating other costs.

In the past, the compensation which the applicant has received from the toll companies has been determined by applying a fixed percentage to the total originating toll revenue on its system. If the compensation is only to include Direct Toll Expense, then this method is equitable, providing, modifications in the amount of this percentage are made from time to time to cover changes in operating conditions.

The compensation covering the item of direct toll expense may be obtained either by applying an average percentage to the total originating toll revenue over some period of time or else in the form of a monthly bill presented to the toll companies by applicant covering the actual expenses incurred by it. During the early part of this year, applicant made certain changes in its operations resulting in the reduction of the direct toll expense by approximately \$450,000.00 per year. There is no particular reason why applicant could not have made further changes, in which event the direct toll expense could have been further reduced and even reduced to zero. The amount of this expense to applicant may be largely controlled by it and the connecting companies and by mutual agreement can be made to vary in almost any manner. The degree of increase or decrease of this expense to Southern California Telephone Company depends upon which company actually performs the operations resulting in that expense. For this reason, it appears that the total compensation which applicant receives should be segregated, one portion of which should cover the direct toll expense and the other that portion of the expense of those operations which involve the use of exchange plant and facilities.

It makes no particular difference whether the rate for this item of the compensation is based upon the number of originating toll messages, or on the number of incoming toll messages, or upon the sum of the two. However, since the originating messages must be counted, it seems reasonable to base this rate upon the number of originating toll messages. During the year 1923, the toll expense of operations common to toll and exchange service amounted to approximately \$120,600.00 and the number of originating toll messages made during that same period amounted to 6,315,871, resulting in an amount of 1.91¢ per message. On the basis of pro rating \$55,000.00 interest charges to this cost the total would then amount to 2.46¢ per originating message. In this study a toll message was considered as having equal weight with a local exchange message. A toll message should have a somewhat greater weight than a local message, for reasons which are apparent and it would appear that 2.5¢ per message would not be an unreasonable charge for applicant to make to the toll companies for each message originating on its system, in addition to direct expenses incurred for the benefit of toll companies.

The estimated toll revenue for the year 1924, based on the method of toll operation effective January 1, 1924, and on the basis of toll compensation above outlined and found reasonable, amounts to \$660,000.00 for the 1924 bases.

TABLE NO. 5  
COST OF TOLL SERVICE  
AND  
REASONABLE COMPENSATION TO THE EXCHANGE  
SOUTHERN CALIFORNIA TELEPHONE COMPANY

|   | <u>G.R.C. Engineers Estimate for</u><br><u>Out-of-Pocket Cost of Toll Service</u><br><u>for 1923.</u> |  | <u>Reasonable Compensation to the</u><br><u>Exchange for 1923.</u> |   |
|---|---|--|--|---|
|   | <u>Total Out-of-</u><br><u>Pocket Cost</u>  | <u>In Per Cent of</u><br><u>Originating</u><br><u>Toll Revenue</u> | <u>Total</u><br><u>Compensation</u>                                | <u>Basis of Payment</u>                               |
| <b>A. <u>So. Cal. Tel. Co. Performing Toll</u><br/><u>Operations - 1923 Method of Op-</u><br/><u>erating Applied to 1923 Conditions</u></b> |   |  |  |   |
| a. Direct Toll Expense  | \$ 776,400.00   | 44.0%  | \$ 776,400.00  |   |
| b. Toll Expense Common to Toll<br>and Exchange Service  | 120,600.00  | 6.8  | 157,900.00   |   |
| c. Interest   | -----   | -----  |  |   |
| Total   | <u>\$ 897,000.00</u>  | <u>50.8%</u>   | <u>\$ 934,300.00</u>   | \$ 776,400.00 plus<br>2.5% per originating<br>message |
| <b>B. <u>So. Cal. Tel. Co. Not Performing</u><br/><u>Toll Operations - 1924 Method</u><br/><u>Applied to 1923 Conditions</u></b>            |   |  |  |   |
| a. Direct Toll Expense  | \$ 324,300.00   | 18.4%  | \$ 324,300.00  |   |
| b. Toll Expense Common to<br>Toll and Exchange Service  | 120,600.00  | 6.8  | 157,900.00   |   |
| c. Interest   | -----   | -----  |  |   |
| Total   | <u>\$ 444,900.00</u>  | <u>25.2%</u>   | <u>\$ 482,200.00</u>   | \$ 324,300.00 plus<br>2.5% originating<br>message     |
| <b>C. <u>Actual Compensation Received</u><br/><u>During 1923 by So. Cal. Tel. Co.</u><br/><u>From Connecting Toll Companies</u></b>         | \$ 491,683.00   | 27.9%  |  |   |

CO  
CT

CO  
CO

## REVENUE

The Company, in its exhibit, shows that during the year 1923, the total gross revenue from operation amounted to the sum of \$10,465,202.00. It sets forth figures showing that under the present rates the estimated revenue for the twelve months of 1924 would amount to \$12,745,000.00, and that under its proposed rates applied to the present operation of 1924, its revenue would amount to \$17,870,000.00. These revenue figures include amounts of \$580,000.00 and \$602,000.00 for toll revenue, respectively, and \$505,000.00 for miscellaneous revenues.

The Commission's Engineering Department from <sup>its</sup> studies estimates that the resulting revenue assuming the present rates for the entire year 1924 will amount to \$12,712,000.00. This amount includes exchange revenue of \$12,137,000.00 and toll revenue of \$575,000.00. The exchange revenue includes miscellaneous revenues amounting to \$482,000.00. If the Company's proposed rates had been in effect during the entire year of 1924, according to the Commission's engineering studies, a total gross revenue of \$17,761,000.00 would have resulted. This amount includes exchange and miscellaneous revenues of \$17,011,000.00 and toll revenue of \$750,000.00.

The exchange revenues resulting from the application of the Company's proposed rates for the year 1924, as determined by the Company and the Commission's engineers, assumes no regrading of service. The rates as proposed by the Company also assume separate exchanges being established at Montebello, Culver City and Beverly Hills, with toll rates applying to traffic between exchanges.

The toll revenue estimated by the Company under both the present and its proposed rates has been determined in accordance with rates as set forth in connecting agreements effective prior to January 1, 1924. The Commission's engineers' figures for toll

revenue assume that applicant will receive compensation covering the direct expense which it is required to expend in handling the toll service, together with a pro rata of joint expense. The sum of these two charges covering the out-of-pocket cost accruing to applicant in connection with the toll service were estimated to amount to the sums of \$575,000.00 and \$750,000.00, under the present and Company's proposed rates respectively. These amounts are subject to further increase for proportion of fixed charges as heretofore set forth. The revenue figures as set forth by the Company and the Commission's engineers submitted in this proceeding are shown in the accompanying Table No. 6.

Under present rates with toll charges as estimated to be reasonable herein, the revenue for 1924 should be approximately as follows:

|                       |                   |
|-----------------------|-------------------|
| Exchange revenue      | \$11,655,000.00   |
| Toll revenue          | 660,000.00        |
| Miscellaneous revenue | <u>482,000.00</u> |
|                       | \$12,797,000.00   |

When a change of any degree is made in the basic rate structure, a certain amount of regrading of service will result. If this change is an increase in rates, then certain subscribers receiving individual and two party service will select two and four party service. In determining rates, this factor of regrading must be considered in arriving at the total revenue which will be obtained by those rates. The rates set forth in the exhibit included in this order will take into consideration the question of regrading.

At the present time, toll service between Los Angeles and Culver City is furnished by The Pacific Telephone and Telegraph Company, and applicant receives a percentage of the gross revenue from messages originating in Culver City and on those originating in Los Angeles going to Culver City. The toll service between Los Angeles and Montebello, as required by this Commission in the

GR

Order of its Decision No. 13624, is furnished by applicant.

There appears no reason why applicant should not operate the toll circuits between Los Angeles and Culver City and furnish toll service between those two cities in the same manner as toll service is now rendered between Los Angeles and Montebello.

TABLE NO. 6

OPERATING REVENUES  
of  
SOUTHERN CALIFORNIA TELEPHONE COMPANY

| <u>Account</u> | <u>1923<br/>Book<br/>Figures</u> | <u>S.O.T. Co. Estimate of 1924<br/>Operating Revenue under</u> |                                      | <u>O.R.O. Eng's Estimate of 1924<br/>Operating Revenue under</u> |                                      | <u>Reasonable<br/>Revenue<br/>for 1924<br/>under pre-<br/>sent rates</u> |
|----------------|----------------------------------|--|--------------------------------------|--|--------------------------------------|--|
|                |                                  | <u>Present<br/>Rates</u>                                       | <u>S.O.T. Co.<br/>Proposed Rates</u> | <u>Present<br/>Rates</u>   | <u>S.O.T. Co.<br/>Proposed Rates</u> |  |
| Exchange Line  | \$ 9,518,398.56                  | \$ 11,660,000.00   | \$ 16,763,000.00                     | \$ 11,655,000.00   | \$ 16,529,000.00                     | \$ 11,655,000.00   |
| Toll Service   | 491,682.55                       | 580,000.00   | 602,000.00                           | 575,000.00   | 750,000.00                           | 660,000.00   |
| Miscellaneous  | <u>455,121.31</u>                | <u>505,000.00</u>  | <u>505,000.00</u>                    | <u>482,000.00</u>  | <u>482,000.00</u>                    | <u>482,000.00</u>  |
| TOTAL          | \$10,465,202.36                  | \$12,745,000.00  | \$ 17,870,000.00                     | \$ 12,712,000.00   | \$ 17,761,000.00                     | \$ 12,797,000.00   |

Licensee Revenue.

Southern California Telephone Company is sub-licensee under The Pacific Telephone and Telegraph Company; licensee contract with the American Telephone and Telegraph Company, the parent concern. Under this licensee contract, Applicant pays to the American Company through Pacific Company  $4\frac{1}{2}\%$  on that portion of its gross revenue, less uncollectible bills, determined in proportion to the ratio of Bell-owned instruments on its system to the total number of instruments in service thereon. The payment for 1923 was \$385,438.44. The Company estimated that for 1924 this payment under present rates would be \$500,000.00 and had the rates which it proposed been effective for the entire year 1924, this payment would be approximately \$709,000.00. The reasonableness of this payment was the subject of considerable inquiry in connection with this proceeding.

Evidence as to value was presented by applicant and certain evidence as to cost by the City of Los Angeles. Applicant claims that it receives from the American Company, under this agreement, the following benefits and services:

- (1) Use of telephone transmitters, receivers, and induction coils, including repair and replacement thereon.
- (2) Use of rights under all patents owned or controlled by American Telephone and Telegraph Company, covering the use of telephonic apparatus, devices, methods and systems.
- (3) Benefit of research and development work carried on by American Company.
- (4) Right to use all methods, systems, apparatus, and instruments covered by patents owned or controlled by American Company, free from any royalty, damages, and expenses on account of patents with the insurance against infringements suits and a claim to indemnity in case of adverse claims under patents.
- (5) Organization to carry on fundamental work of research and investigation to the end that safety, economy, and efficiency in business may be promoted.



- (6) Advice and assistance in all methods affecting operations.
- (7) Financial assistance.
- (8) Advice and assistance in administering Employees' Benefit and Accident Funds.
- (9) Universal connection with the telephones of the Pacific Company's system with all other telephones in the Bell System, and other Companies.

Applicant presented, on its own initiative, evidence bearing upon the value of these services, mainly through Mr. Richard Sachse, consulting engineer. Additional evidence was presented through Mr. E. V. Cox, Assistant Vice-President of the American Telephone and Telegraph Company, who was presented for cross-examination after request by the Commission for additional information. Applicant refused, throughout the hearing to submit any evidence relative to the cost to the American Telephone and Telegraph Company of rendering this service, contending that such information was not relevant and that as the American Company was not a public utility in California, this Commission could not require such information to be presented. Witnesses were called, after numerous requests and demands on the part of the Commission that more definite evidence be presented, who could throw some limited light on the subject of costs.

One hundred (100%) per cent of the stock of the Southern California Telephone Company is owned by The Pacific Telephone and Telegraph Company. The American Telephone and Telegraph Company owns 78% of the stock of The Pacific Company. Applicant is operated practically as a "District" of the Pacific Company. The same attorneys and engineers represent both utilities and the evidence indicates that it is difficult for them to determine when they are working for one concern and when for the other. Men are shifted from one company to the other as a company shifts its men from district to district. The Pacific Company, in turn, operates for all intents and purposes, except as to separate legal entity, as a division of the parent concern, the American Telephone and Telegraph Company. The evidence clearly shows that the American Company dominates the local companies in matters both large and small. The licensee agreement, without question, represents a contract entered into between an administrative company, the American Company, and its local division company, which is under its supervision, control and domination. It is clear from the annual reports of the American Company to its stockholders that it operates as a centralized general administrative organization for all the associated companies, supervises and in some cases handles the financing of the local companies, supervises and passes upon the budgets of the local companies, revising them in the same general manner as would the head office of a large power utility or railroad company supervise and approve the budgets of their various divisions. It furnishes engineering, operating and other experts for the supervision of the division companies and maintains protective organizations in connection with patents, etc., looks after the public re-

(lations of

the companies and prescribes (though it attempts to show that they are only suggestions), extensive and voluminous rules, regulations and practices for all of the associated companies. It is apparent from the testimony that it transfers its employees and officers from one company to another, depending upon the needs, without much more formality than would the head office of a large utility shift its staff from one division to another. One of the present vice presidents of the local company was, according to his testimony, transferred from the American Company head office to the Southern California Telephone Company, because of the local difficulties there. Matters of importance involving policies of the local company were not passed on or decided without representatives going to New York to confer with the head office.

Requests for information relative to the cost of rendering the licensee service were made upon the local company without any satisfactory results. We do not hold the local representatives at fault, for it is apparent that they are acting only as pawns in the hands of the administrative body, which has maintained them in ignorance of the administration of their concern.

The testimony of the Company's witness, Mr. Sachse, in this case is that he was refused the right to investigate and report on the cost of operation of the American Telephone and Telegraph Company as it involves the local service. The evidence also indicates that, in this opinion, an important indication of the value of the service was the continued willingness on the part of the American Company to comply with any and all requests for assistance from the local concerns, it being his opinion that it had never refused such service. It is to be

noted, however, that when the local Company was asked by this Commission during the pendency of this case to request the presence of executives of the American Company to explain the operations of that Company, this request was refused. Substitutes only were submitted, who proved not fully able or were not permitted to give the information demanded.

We must, at this time, seriously criticise the policy of the American Company in this connection. It urges as part of the value of its services the advice and suggestions relative to public relations and yet one of its practices encourages suspicion as to the fairness and reasonableness of its charges. We are convinced that as a practical matter, the operations of the American Telephone and Telegraph Company relative to service to associated companies should be subject to the investigation of the state commissions in the same manner and to the same extent as is the case in connection with other utilities and that this Company should be prepared to present such evidence, relative to the cost of operation, as these Commissions may deem fit. Such a policy would, we feel, bring with it results of real benefit both to the parent Company and to its subsidiaries. Its beneficial effect on their public relations can scarcely be overestimated.

Under the licensee agreement the American Company leases to the local companies telephone transmitters, receivers and induction coils, these being parts of the telephone instruments required. This, in itself, relieves the local company of certain investment, and, in addition, certain operating expenses. A reasonable rental for these should be allowed. The remaining services rendered by the American Company are comparable, to a large extent, with the administrative services, including financing, engineering, research, development and supervision of the head office of any large utility. There is no question that it is in the public interest to have the co-ordinated system under one national management and that a real service is rendered by the

administrative organization. The cost of rendering this service is not, in itself, the only factor to consider, but it is a matter which should be carefully considered in connection with any rate proceeding. It is not fair that the cost should exceed the value of the service, but it is apparent that if the cost is less than the value of the service it should have a bearing upon the cost of rendering service to the subscriber, just as should the cost of salaries, wages, and material have a bearing even if the employees are paid less than the value of their services, or material bought for less than the market price. Applicant urges that the value of the service far exceeds the payment and then proceeds to claim practically all of the improvements in the art of telephone equipment as directly caused by the Western Electric Company and American Companies' organization, apparently attempting to show that such development never would have occurred were it not for the American Company organization. Without question much has been done and a service is rendered to the public by a co-ordinated system under one management and this organization is in public interest, but practically all other industries, such as the electrical industry, have been greatly developed, possibly to a greater extent than the telephone, in the last twenty years, without the one controlling management.

Considering the services rendered to the local company, there is no question but that during the past two or three years it has received probably more service from the American Company than is, on the average, received by the various other associated companies. It would appear that

this has been due, to a considerable extent, to the necessity created by the enormous growth in Los Angeles and also, we believe, to the failure on the part of the American Company during the years preceding to appreciate the situation and to render the service which the district required. It would appear, however, that considerable of this service was not rendered until after repeated requests from the local company and after the matter of service had been called to the local company's attention and orders issued by this Commission, and until after conditions had become very serious.

Some evidence was introduced relative to the cost of rendering service by the American Company by the City, through its engineer, Mr. J. J. Dillon. The 1923 annual report of the American Company to the Interstate Commerce Commission was introduced in evidence and an analysis submitted by Mr. Dillon, in which he attempted to segregate the cost to the American Company of rendering the service claimed under the licensee agreement. His testimony, with certain qualifications, was approved by Messrs. Hill and Wray, consulting engineers for the City. Mr. Dillon's estimate of the cost of rendering the service approximated fifty (50) cents per station to cover fixed charges and operating expenses in connection with the rental of instruments, and fifty-one (51) cents per station as a charge for general staff services. After submission of the case and in connection with briefs filed, applicant submitted a tabular analysis of this exhibit, including several assumptions, by which the entire licensee charge might be justified on the cost basis.

Referring to Mr. Dillon's testimony, it is apparent to us that no adequate consideration was given to the question of the financial assistance given to the various associated companies, which has made possible the financing at a lesser cost of money than has been possible in general by local concerns. There also appears to be considerable doubt as to the correctness of arbitrarily charging one-half of the general miscellaneous expenses to the exchange service of the associated companies and one-half to the administration of the corporate entity of the Bell Systems. It is apparent that if we are to give consideration to the ability of the local companies to obtain money at relatively low rates, as we believe should be done in this case, compared with the obtaining of moneys where separate independent companies are concerned, compensation must be paid for such costs as are incurred in obtaining these results. Applicant has obtained during the past two or three years relatively large sums of money through its connection with the American Company at a cost of approximately 6 per cent and this factor will, without question, have its effect upon what is a fair return for the services rendered. To obtain this, however, the public must bear its proportion of the necessary expense. Without question, as a separate concern not connected with the American Company, it would have been difficult, if not impossible, for the applicant to have financed its recent expansion of facilities under the conditions which have existed and that, if such financing had been possible, it would have been at a much higher cost. Mr. Dillon has also failed to include certain items for taxes which are chargeable to the

rendering of the licensee service.

On the other hand, it is apparent that the analysis submitted by the Company in its brief includes certain estimated costs particularly costs of money, which do not appear to be justified from a general consideration of the matter. It has failed to consider funds from depreciation and has failed also to prove the fairness of its segregations.

The evidence indicates that a considerable portion of the services rendered by the American Company, for which the 4½% charge is made, are incurred in connection with supervision, administration and planning of construction. A considerable portion of the charge should be pro rated to capital account rather than charged up to the present consumers through operating expenses. Neither applicant's representatives nor persons in the direct employ of the American Company, who appeared, were in a position to advise definitely on this matter. It is apparent, however, from the evidence, that the subscribers should not pay as operating expenses at this time, the total 4½% charge. They should bear only that proportion which can reasonably be charged to operating expenses. As to what might be chargeable to capital, we do not believe that any of the capital now installed should be increased to cover any of the supervision costs until and unless applicant and its administrative body, the American Company, can submit adequate proof to this Commission of the cost involved in this service. At the present time and with the evidence before us, we must conclude that applicant is receiving fair treatment if it is allowed to include as a reasonable operating expense on the 1924 basis the sum of \$400,000.00 to cover these administrative and supervision costs.



Expenses:

Operating expenses estimated by the Company for the year 1924, assuming the present and its proposed rates, are shown, by accounts, in Table No. 7 following. These expenses purport to show the actual expenses which the Company believes it will incur under probable 1924 conditions.

During the first six months of 1924, applicant has been engaged in the completion of certain major construction work and has made certain changes in its method of operation, all of which will reflect in different expenses from those anticipated by applicant to occur during the period subsequent to the middle of this year. For these reasons, the actual expenses for 1924 and particularly those of the first six months, cannot be used as a basis for determining reasonable rates without proper adjustment and allowances for changed conditions. The exhibits of estimated operating expense for the year, submitted by the Commission's engineers, assumed average conditions, which are anticipated will exist during the latter part of 1924 and the year 1925,

In order to check the Company's estimate of operating expenses for 1924, relative to their reasonableness, and to determine operating expenses upon which rates for the future may be based, the Commission's engineers submitted estimates of expenses for the year 1924, assuming the present rates, and also, the Company's proposed rates.

Comparison of expenses by months in the past and up to August, 1924, were submitted by the City and it is urged that the expenses of 1924 are abnormal and that lower expenses for the future may be expected.

The more important changes accounting for the difference between the Company's and Commission's Engineers' estimate of expenses and for which allowance and adjustment must be made are increase in operating efficiency, changes in toll operation, installation of call indicator system, change in calling rate, establishment of measured service, and changes in number of directory issues.

The congestion and exceptional amount of construction work carried on by the applicant in the recent past, together with the confusion which has existed in the matter of rendering service, have resulted in an increase of operating expenses over those which otherwise would have been incurred. Although this has applied generally to all expenses, it has affected maintenance expenses to a greater extent than others. One of the reasons for the past unsatisfactory service has been a lack of proper maintenance. This condition has now been largely remedied but we do not believe that this expense can be reduced in the immediate future to a figure lower than that found by the Commission's Engineers and expect the Company to render good service. In the past applicant has been urged to bring its plant into a better operating condition, particularly by this Commission and the City. It will be in the interest of all subscribers for the Company not to further reduce maintenance expenses if it has to be done at the expense of the service.

Traffic expenses more than any other expenses will be affected by the changed operating conditions which have taken place during the past year. The taking over by the Pacific Company of the toll operations heretofore performed by applicant has made it possible for Southern California Telephone Company to make a very substantial reduction in its Traffic payroll expense. The installation of the call indicator system will not only result in a reduction in traffic

expense, but also will make possible a great improvement in general service conditions. More favorable conditions now existing on the Company's system, and which should continue in the future, will make possible greater efficiency in connection with the operating force, which will be directly reflected in lower traffic expenses. The establishment of measured service will without doubt produce a reduction in calling rate of these subscribers receiving this type of service, which will be directly reflected in lower operating expenses. The saving by the establishment of this service should greatly exceed any additional cost required in measuring the service and the interest and maintenance charges on the measuring equipment. The evidence would indicate a lower traffic expense for the immediate future than estimated by the Commission's engineers. We find that a reasonable traffic expense allowance is \$3,208,000.00, as compared with Commission's engineers' estimate of \$3,395,000.00.

From the evidence presented, we do not believe that the commercial expenses should be reduced below the figure found by the Commission's engineers. If the Company is required to make any further reduction, it will probably have to be done at the expense of the service, which certainly is not in the interest of the subscribers and public. The commercial expense, as estimated by the Commission's engineers, assumes two directory issues per year. During the past, on account of changes in operation, it has been necessary for applicant to issue more than this number of directories. In computing commercial expenses allowance for two directories has been made.

The Company, in its exhibit, showing the estimated operating expenses for 1924, includes the sum of \$785,000.00 for taxes

under present rates, and the sum of \$1,171,000.00 under its proposed rates. The state tax included in these figures is the amount actually paid to the State during the year 1924. The system of accounts authorized by this Commission requires a utility to report its operations for each calendar year. Operating expenses reported are not necessarily the moneys actually paid by the utility during the calendar year, but are the obligations incurred during that period. In the case of taxes, the amount being a lien on the property and which is due and payable in 1924, represents 5.5% of the 1923 gross revenue. The allowance for state taxes in operating expenses for a particular year should, therefore, be determined by applying the effective tax rate to the revenue less uncollectible bills of the past preceding calendar year. On this basis, the State taxes which will be allowed in the 1924 operating expenses amount to \$573,535.00. Applicant pays to the City of Los Angeles 2 per cent of its gross revenue within the City. It also pays taxes on the same basis to the other cities and the county within which service is rendered. For the year 1924, the City and County taxes are estimated to amount to \$211,000.00 under present rates, and \$294,000.00 under the Company's proposed rates, and \$250,000.00 under rates fixed herein. Other taxes paid by the Company for capital stock tax, corporation tax and flood control tax, which are chargeable to operation in a rate proceeding, are estimated at \$11,000.00. In the past, applicant's operations have been such that it has not paid Federal Income Taxes. Under the rates herein fixed, it is estimated that the Federal Income Taxes which applicant would pay on the 1924 basis would amount to \$200,000.00 and this amount has been allowed as a reasonable operating expense in the determination of rates.

The following table No. 7, sets forth the estimated revenue and reasonable expenses under present rates and adjusted operations on the basis of 1924 business.

Taking into consideration the estimated revenue under present rates and the operating expenses as herein found reasonable on the 1924 basis, it appears that the net earnings for return upon investment under present conditions would be approximately 1.93 per cent on the rate base.

|                              |                    |
|------------------------------|--------------------|
| Estimated revenue - 1924     | \$ 12,797,000.     |
| Estimated operating expenses | <u>11,666,000.</u> |
| Net for return               | \$ 1,131,000.      |

Rate of return on rate base of \$58,681,453.00 - 1.93 per cent

It is apparent that applicant is entitled to relief in the form of increased rates.

TABLE NO. 7  
OPERATING EXPENSES.  
O F  
SOUTHERN CALIFORNIA TELEPHONE COMPANY.

| Account                           | 1923<br>Book<br>Figures | S.C.Tel. Co. Estimate<br>of 1924 Operating<br>Expenses Under |                        | C. R. O. Estimate<br>of 1924 Operating<br>Expenses Under |                        | Reasonable<br>Operating<br>Expenses<br>1924 Basis<br>Under Pres-<br>ent Rates. |
|-----------------------------------|-------------------------|--|------------------------|--|------------------------|--|
|                                   |                         | Present<br>Rates   | Co. Proposed<br>Rates  | Present<br>rates   | Co. Proposed<br>rates  |  |
| Maintenance                       | \$ 3,669,764.99         | \$ 4,089,000.00  | \$ 4,089,000.00        | \$ 3,787,000.00  | \$ 3,787,000.00        | \$ 3,787,000.00  |
| Depreciation                      | 2,089,450.00            | 2,812,000.00   | 2,812,000.00           | 1,839,000.00   | 1,839,000.00           | 1,742,000.00   |
| Traffic                           | 3,710,000.66            | 3,943,000.00   | 3,943,000.00           | 3,358,000.00   | 3,395,000.00           | 3,208,000.00   |
| Commercial                        | 1,090,425.06            | 1,387,000.00   | 1,387,000.00           | 1,323,000.00   | 1,326,000.00           | 1,323,000.00   |
| General & Misol.                  | 188,858.75              | 234,000.00   | 234,000.00             | 224,000.00   | 224,000.00             | 224,000.00   |
| Uncollectible bills               | 37,300.00               | 45,000.00  | 63,000.00              | 45,000.00  | 63,000.00              | 45,000.00  |
| Taxes                             | 620,059.36              | 785,000.00   | 1,171,000.00           | 821,000.00   | 903,000.00             | 835,000.00   |
| Rent Deductions                   | 81,367.45               | 99,000.00  | 99,000.00              | 99,000.00  | 99,000.00              | 99,000.00  |
| Amortization of<br>Landed Capital | 2,920.00                | 3,000.00   | 3,000.00               | 3,000.00   | 3,000.00               | 3,000.00   |
| Licensee Revenue                  | 385,438.44              | 500,000.00   | 709,000.00             | 511,000.00   | 694,000.00             | 400,000.00   |
| <b>T o t a l</b>                  | <b>\$11,875,584.71</b>  | <b>\$13,897,000.00</b>                                       | <b>\$14,510,000.00</b> | <b>\$12,010,000.00</b>                                   | <b>\$12,383,000.00</b> | <b>\$11,666,000.00</b>   |

Service.

The question of the service rendered by applicant has involved much consideration in previous proceedings and in the decisions rendered by this Commission. In this Commission's Decision No. 12733, dated October 23, 1923, in Application No. 8145, the Commission found that the service to the existing subscribers, as of that time, was not satisfactory, and that the service had only slightly improved over that of the preceding year, and this condition was also practically admitted by the Company's own witnesses. The Commission further stated that the purpose of that proceeding was to find methods and means to improve telephone service in the City of Los Angeles as rapidly as possible. The Commission, from its investigations, was convinced that the local organization in Los Angeles was endeavoring, with the limited means at hand, to meet the situation. It was not convinced, however, that the plans which the Company, or the parent companies controlling applicant had been following in the past, were adequate to meet the continually increasing demands for telephone service in Los Angeles.

Prior to that decision, the Commission had already informally directed the Company to materially increase the program of development, and the Commission in that proceeding ordered the Company to submit to it a definite and adequate program to meet the growing demands made upon it and to give adequate assurance to the Commission of its determination and ability to carry out that program.

At the time of that decision, the Company had on hand 22,722 orders for service which it was unable to take care of.

Since that time, the Company has been actively engaged in the installation and construction of basic plant, and, as a result, the total number of held orders has decreased at the rate of approximately 1,200 per month, and as of October 20, 1924, the number of held orders totaled 9,051. This is equivalent to 3.6 per cent of the number of stations being served as compared with 10.9 per cent, as of October 1923. This number of held orders includes those held on account of buildings not being ready for occupancy, and also, the number of orders in process of installation. Making allowance for these two items, leaves a number of held orders of 4,663, which represent the number of uncompleted orders which have not been installed as of October 20, 1924. This number of held orders is 1.7 per cent of the total number of stations in service as of that date.

The quality of service furnished by a utility to its subscribers is reflected in the aggregate number of complaints which are made by the subscribers, and in the maintenance and operating troubles experienced by the utility. This Commission has carried on an exhaustive investigation which would give the necessary data to determine the quality of the service rendered. One measurement of the quality of service being furnished by applicant is indicated by the relative number of so-called "subscribers' complaints". Although these "subscribers' complaints" are not indicative in themselves, yet the relative magnitude of the number over a given period of time, when considered in connection with the conditions existing, have a very important value.



During the year 1923, the number of "subscribers' complaints" averaged approximately 480 troubles per 1000 stations per month. In connection with the automatic equipment and operation, the number of troubles averaged approximately 750 per 1000 stations per month, while in the manual system the average was 250 per 1000 stations per month. Commencing with the latter part of 1923, applicant's service has continued to improve, which is indicated by the reduction in subscribers' troubles. These troubles have been reduced to such an extent that at the present time the average is approximately 130 troubles per 1000 stations per month. This fact, together with the other information or data which this Commission obtains continually, indicates to us that the service now being furnished by the applicant to its subscribers is satisfactory. The testimony on the subject by both the Commission's and the City's witnesses is definite to the effect that good service is now being rendered.

An investigation was also made by this Commission's Engineers relative to the status of degraded orders for service. During the period from November, 1923, to September, 1924, 53,700 connect orders were received. In completing this number, 3,097 orders provided a service of a lower grade than that for which the subscriber applied. As of September, 1924, of the original number of degraded orders, 2,228 still remained degraded.

In view of the much improved service now rendered a good many are without doubt satisfied with the present service and would not change to a higher grade if offered. This does not indicate at the present an unsatisfactory condition.

This Commission, in its Decision No. 12733, established a credit allowance rule directing the Company to provide for a credit allowance to subscribers in all cases of lapse in service. The order in that decision provided for an allowance of 20 per cent of the monthly exchange service bill for each day of out of service for the first five days of such out of service occurring during each month. This penalty was authorized due to the poor service which applicant was rendering at the time this decision was issued. Subsequent to the issuance of this decision, rules and regulations have been authorized for applicant and ~~they~~ have also been put into effect in many of the other utilities operating throughout the State. These rules now in effect for The Pacific Telephone and Telegraph Company, as well as other utilities, provide a credit allowance for each day out of service, 1/30 of the monthly exchange charge. The service now furnished by applicant to its subscribers appears to be such that the penalty for out of service heretofore ordered should be modified and made similar to the rule now in effect on the system of The Pacific Telephone and Telegraph Company. The Order following will so provide.

### Rate of Return.

It is argued by counsel for applicant that inasmuch as money costs the American Telephone and Telegraph Company approximately 7.73 per cent, it follows that the Southern California Telephone Company could not get money on better terms and that an 8 per cent return is the lowest rate possibly justifiable under records before the Commission. This apparently refers to the Historical Cost as the rate base, instead of the estimated fair value submitted by the Company. Applicant submitted exhibits showing that under the rates which it proposed and its operating expenses, including depreciation computed on the straight-line basis, the net earnings for return would be approximately 5.1 per cent on its claimed rate base of \$66,147,000.

The City of Los Angeles and the General Citizens' Telephone Committee in their brief conclude that a return of 7 per cent would be fair and liberal to the Telephone Company and that a somewhat lower return would not be unjust and would not prevent the flow of money to the Southern California Telephone Company needed by it for further additions and betterments. In determining a reasonable rate of return, the rate base on which the return is computed of necessity has a bearing upon the percentage which is reasonable. If a large assumed value, including construction work in progress, is used as the rate base, or if a cost new is used and depreciation determined on the straight-line basis, without question a lower rate of return would be reasonable than if the historical cost of the used and useful property is used and depreciation determined on the sinking fund basis.

In previous decisions this Commission has stated that until applicant was in a position to render a normally efficient service, it should not expect to receive a full fair return.

Since that time, the Company has improved the service to an extent which justifies a fair return upon the property used and useful in the public service.

It is urged by the City and the General Citizens' Telephone Committee that the tendency in the future will be for the operations of the Company to become more efficient and possibly the investment per station reduced, so that rates now fixed will tend to result in a greater net return than estimated on the 1924 basis. Applicant is just emerging from a period of reconstruction of plant, and the future should present possibilities of greater consolidation and co-ordination of its system and operations. The result of the complete measurement of business service should tend to increase the net revenue over that during the transition period in 1925, although no great increase in net earnings can be expected from such economies, as the estimates of operating expenses found reasonable herein on the 1924 basis take into consideration expected economies which applicant should realize in the immediate future by efficient operation. We are convinced, however, that, using the 1924 basis as a measuring stick to determine reasonable rates, the return estimated from the rates fixed might be, on that basis, somewhat less than a full return, it being expected that during 1925 and with the complete measurement of business service in 1926, some increase in net revenue will occur. The rates herein found reasonable would result, applied on the 1924 basis herein used, in an estimated return of approximately 6.5% on the rate base. It is expected that in the future with increased efficiency and co-ordination of its system, applicant should earn a greater return.

### Rate Plan.

One of the most important problems in this proceeding is the establishment of a basic rate structure to meet the demands for service which will result in an equitable distribution of charges between subscribers and return to applicant a total revenue to which it is entitled. In addition to the above requirements, the rate structure must be practicable. The rapid growth of the city of Los Angeles with its expansion has not only placed before the Company a difficult problem in construction and operation, but brings up at this time the necessity of a very thorough study into the most satisfactory telephone rate plan to be made applicable to the present and future requirements of the community. The rate structure heretofore in effect is becoming inadequate and obsolete in a large metropolitan area such as Los Angeles. It is apparent that all parties to the proceeding who have seriously considered this matter are convinced that either at the present or in the reasonably near future some very definite changes in the rate structure will be necessary, both for the benefit of the public and the utility. With this in view, four different plans were proposed in the course of the proceeding.

#### 1. Southern California Telephone Company's Plan.

The Company proposed in general a continuation of the present arrangement with the introduction of ~~unmeasured~~ measured service for business and private branch exchange service, the establishment of local exchange areas in the communities of Montebello, Beverly Hills and Culver City, with toll rates between areas, and the establishment of a foreign exchange service which would enable a subscriber in any exchange to receive direct service from any other exchange.

## 2. Los Angeles City's Plan.

The City of Los Angeles proposes that the entire area now served by the Company be made into one exchange area with uniform rates applying throughout.

## 3. Commission's Engineers' Plan.

The plan submitted by Mr. W. J. Dodge, Telephone and Telegraph Engineer of the Commission, proposes to divide the territory of the applicant into a number of zones, in such a manner that a subscriber of the central or metropolitan zone would have a local or direct service to all subscribers in all other zones, and a subscriber in any one of the surrounding zones would have a local or direct service to the subscribers of his own and to subscribers of the central or metropolitan zone.

This plan is suggested with a view to more equitably divide the charges between the various subscribers commensurate with their use of the service in the different zones.

## 4. City of Beverly Hills' Plan.

Mr. G. R. Kenny, representing the City of Beverly Hills, proposed a modification of the plan submitted by Mr. Dodge, in which the number of surrounding zones would be made fewer.

Each of the plans suggested has certain advantages and disadvantages. At the present time the territory served by applicant consists of one exchange area except for the Montebello and the Culver City areas. It is a generally accepted fact that as the number of subscribers of any particular area increases, the rates for service must increase. It must also be admitted that, as the territory develops and the population increases, changes in different sections occur to the extent that the community interest requires, in some cases, consolidation of ex-

change areas, and in others separation. Where the territory is served as one exchange area under flat rates, the rates will ultimately become so high as to discourage, to a very great extent, the use of the service by the smaller users, while, on the other hand, the greater users of the service and the subscriber who has a general demand for service throughout the entire area will be able to secure service at relatively low rates.

It appears that the general consensus of opinion of the Commission's engineers, the City and the Company is that ultimately a new rate structure must be provided. It is the position of the Company, apparently, that no changes other than those proposed by it should be made at the present time. The City's position, as urged in its briefs, is for a continuation of the present rate structure with no modifications, except such change as may be necessary on account of possible increase in revenue, and that further study be had and a proceeding held open for a more complete determination before any definite change is made.

The zoning plan, as proposed by Mr. Dodge, appears to have much in its favor as the basis for the ultimate solution of the telephone rates in Los Angeles. The territory served by Southern California Telephone Company consists of a central, or business section, surrounded by a number of sections, each of which has an interest to a varying degree in the central or metropolitan district and a relatively small interest in the other surrounding districts. This means that there is a considerable demand for telephone service by the subscribers and public in this central district with the subscribers in each of the surrounding districts. The demand for service in the surrounding districts, in general, is largely with its own community and with the metro-

politan or business section, with a relatively small demand for service between outlying sections. This zoning plan was designed to meet this particular condition. It contemplates that the total area now served by Southern California Telephone Company be divided into a number of areas including in the metropolitan area the downtown district of Los Angeles, and in the surrounding areas, Beverly Hills, Culver City, Huntington Park and Vernon and adjacent territory south of the business district of Los Angeles, Montebello and adjacent territory east of Los Angeles, South Pasadena and Eagle Rock, including territory northeast of Los Angeles.

Without question the City of Los Angeles is now reaching the stage where the continuation of the single area principle will not result in an equitable distribution of charges among the various subscribers. This is very well illustrated in the establishment of an exchange at Montebello and in the request of the Company to establish separate exchanges at Culver City and Beverly Hills. The establishment of an exchange area within a fully built-up community results in many difficulties on account of the boundary lines created. This condition, it appears, can be much improved by a zoning plan in general along the lines suggested by Mr. Dodge. Without going into the details of the merits of this plan at the present time, for the reason that sufficient evidence is not at present before us to justify fixing the rates along this basis, we are convinced that a zoning plan in general on the lines proposed will be required in the ultimate solution of the Los Angeles telephone situation. The Company must now look forward to the



establishment of the zoning plan and should begin to construct its plant and to lay the necessary foundations for such operation. It is realized that before any definite determination of zones can be arrived at that considerable study and investigation will be necessary. These investigations and studies should not, however, be delayed but should commence at once. The scheme should be a practical solution for carrying on telephone service in a large congested community such as exists in Los Angeles and its immediate surrounding cities.

Although it appears that no particular plan can be adopted in this proceeding, the evidence does indicate that certain changes and modifications as herein set forth should be made for the benefit of the present subscribers and as preliminary steps to the final solution of the problem.

### Measured Service.

The Company, in its application, requests authority to establish measured rates for business service as an optional schedule to the present type of flat rates. The proposed rate schedule sets forth an increased flat rate for business service together with an optional measured rate. The Company does not propose to introduce measured residence service, and it appears to be the consensus of opinion of the Commission's engineers and of the City that there is no justification for measured residence service. The City and many subscribers having a heavy demand for service urge the continuation of the present form of flat rates. The Commission's telephone engineers took the position at the hearing that measured rates for business service should be instituted in order that the charges might be more equitably divided among subscribers. It was pointed out that the flat rate for business service is becoming so high of necessity that it is resulting in an unfair burden being placed on the subscriber requiring only a limited telephone service, while the telephone subscriber using this service to a greater extent is receiving an unfair advantage in the general distribution of the charges for service.

The Commission's engineers urge that an optional measured rate can be considered as a temporary expedient only and that, in fairness to the majority of the subscribers, measured service to all business service must be contemplated as soon as practicable. From the evidence it appears that the question of measured business service is greatly misunderstood, and the true value of this method of charging has been lost sight of. The public has accepted the equities of measurement of other classes of service. Practically all cities in the United States of comparable size to Los Angeles already have measured telephone rates for business service.

In the determination of whether measured service should be effected it is necessary to consider the relative charges under flat rate service compared with the value of the service rendered, as well as the cost of such service. As the number of telephones in Los Angeles increases, the variation in use of the telephone service by business subscribers becomes greater. The use of an individual business line service varies from a few calls to as high as 1,500 calls per month. The subscriber whose requirements are limited to a few calls per month finds his rate on a flat rate basis materially out of line with the service required or received. It appears impossible, on any flat rate basis, to vary the charges equitably between the small user and the large user.

We find, from the evidence in this case, that the establishment of measured rate for business service will be to the benefit of the public generally and that this measured service should be made available at once.

During the period of transition from flat rate type of schedule to measured rate, it will be necessary temporarily to apply some sort of flat rate, particularly during the period of the installation of the necessary metering equipment. The Company has, at the present time, a few lines equipped with measuring apparatus, and it appears that the Company can equip all business lines with the necessary measuring equipment within a period of approximately eight months from the time general installation is commenced. There are at the present time approximately 30,000 individual business telephone lines and 11,000 commercial and hotel private branch exchange trunks. The Order in

this proceeding will provide that the Company commence immediately the installation of metering equipment and make available at once measured service for business and private branch exchange service, and that during the year 1925 these subscribers may have the option of selecting either the measured service schedule or the flat rate schedule. On January 1, 1926, the flat rates for these services will be discontinued. During the months of September, October, November and December of 1925, applicant will be required to render two bills to each business subscriber and private branch exchange subscriber receiving flat rate service during that period; one, showing the charge under the measured rates, and the other the charge under flat rates. In this way the subscriber will have full information relative to his use of the service and the corresponding charge under the measured rate, and he will be able to make any adjustment in his own operations before being required to pay the measured rates. The Company will also be required to submit to the Commission periodic statements showing the rate at which the measuring apparatus is being installed.

Under the measured rates, only individual line service will be furnished. During the transition period and until January 1, 1926, it will be necessary to retain a two-party flat rate to properly care for the present two-party business subscribers. These subscribers should arrange to take individual measured service, during this time. The Company should not add to its system any additional two-party business subscribers.

### Foreign Exchange Service

One of the requests of applicant in this proceeding was for authority to establish a foreign exchange service which will allow a subscriber in any area to obtain a direct or local service from any other exchange, provided, certain conditions are complied with. As an illustration of the application of this type of service, a subscriber in Montebello would be able to obtain direct service from the Los Angeles Exchange by the payment of a foreign exchange rate and by fulfilling the special conditions connected with this rate. The establishment of this service will meet the demand of certain parties appearing in this proceeding in that it provides a means for obtaining Los Angeles service outside the Los Angeles area.

Simons Brick Company filed a normal complaint, Case No. 2026, with this Commission on July 25, 1924, requesting this Commission to require Southern California Telephone Company to render to it a private line service between its plant at Simons, located within the Montebello Exchange Area, and its Los Angeles office, located in Los Angeles Exchange Area. At the time this complaint was made there had been no discussion or mention of the foreign exchange service, and the Commission felt that until all its investigations, which it was making in connection with this proceeding, were completed there was no reason why the Simons Brick Company's request should not be granted pending the final decision in this proceeding. This matter was so decided.

This request of the Simons Brick Company illustrates the conditions which the foreign exchange service is contemplated to meet, and for such conditions, it appears that a foreign exchange rate will give the subscriber the service which is desired. Although the establishment of a foreign exchange service represents

a departure from previous procedures, there is no question but that this service will adequately and very satisfactorily meet the demands of certain subscribers. Its success will depend largely upon the extent to which this service is used. This service is strictly a substitute for toll service and, if it becomes too extensive, will be seriously detrimental to the general service and may result in extra burdens on the service as a whole. The rendering of this service will, in general, violate economical construction principles and will also require the use of lines equivalent to those of a toll lead with possible uneconomical use. Foreign exchange service will be a success only as long as the number of such services is relatively few. This service should only apply to the exceptional case, and the conditions of the rate must be such that there will not be a general demand by any group of subscribers for the service.

The Company in requesting the establishment of this service has included certain qualifying conditions, which provide that the service will be rendered only when circumstances warrant and when it does not impair the service furnished to the general public, or where facilities are not available, and further, shall be rendered only by such means as may be best suited to meet plant and operating requirements and that additional charges may be made when special operations are required. These conditions further provide that joint user service be not permitted, and also, that the subscriber must subscribe for local service from the exchange within which he is located. We are at a loss to know the exact purport of some of these qualifying clauses. If applicant be allowed to furnish foreign exchange service, it must render it and be in a position to furnish the same upon demand, in the same manner as any other regular service

is furnished. No provision limiting the use to those instances which, in the opinion of the Company, warrants the establishment of the service where facilities and equipment is necessary, will be allowed by this Commission. This service, if it is to be furnished, should be quoted as a regular service for a definite charge and available upon demand of a subscriber. Under no other conditions will we authorize this rate to be established. The requirements placed upon this service by the Company, providing that the foreign exchange subscriber be required to subscribe for the local service from the exchange within which he is located, cannot work any unreasonable hardship on him and it is fair and just to the local subscribers in that exchange that telephone conditions be available without toll.

We believe that there is a real demand for foreign exchange service, and that its establishment will satisfy certain needs heretofore not taken care of. Applicant at the time it made its request for foreign exchange service stated that it was willing to render Los Angeles service in any other exchange located anywhere throughout the country. The establishment of foreign exchange service beyond the boundaries of the territory now served by Southern California Telephone Company can only be done after further proceeding before this Commission, which will involve not only applicant, but the other operating telephone utilities serving those areas. The establishment of foreign exchange service in this proceeding must be limited to the present exchange areas of the Southern California Telephone Company.

The complaint of those few subscribers in the Glendale area having an exceptional demand for Los Angeles service would, however, be satisfied, provided foreign exchange service could

be rendered therein. The Pacific Telephone and Telegraph Company furnishes telephone service within the Glendale area. In order that subscribers located in Glendale may have Los Angeles service, we suggest therefore that applicant arrange with the Pacific Company for the rendering of foreign exchange service throughout the exchanges served by the Pacific Company, adjacent to applicant's territory.

The rates for this service, applying in contiguous areas, as proposed by the Company, are computed on the basis of the local rate from which the foreign exchange service is rendered, plus a mileage charge based upon the distance from the boundary of that Primary Rate Area to the Exchange Area boundary, plus another mileage charge based upon the distance from the exchange boundary to the subscriber's premises.

A foreign exchange service is, in reality, a service competing with toll service, and the rate for this service should take the paralleling toll rates into consideration. An equitable basis for this rate is a charge dependent upon the toll distance between exchanges. However, for adjacent exchange areas, this would result in an abrupt increase in charges for those subscribers just over the border line. In order that this sudden increase might not take place, and inasmuch as the foreign exchange rates in this proceeding are only to be fixed for Los Angeles service furnished in the Montebello and Culver City exchange areas, and Montebello and Culver City service in the Los Angeles exchange area, it appears reasonable to fix these rates by adding to the local rate and local mileage of the foreign exchange a mileage charge based upon the distance between the subscriber's premises and the foreign exchange boundary.



### Separate Exchange Plan

The Company has proposed the establishment of separate exchanges at Montebello, Culver City and Beverly Hills. The establishment of a local exchange at Montebello has been during the early part of this proceeding the subject of considerable discussion, particularly with the people in various organizations of Montebello, and as a result, the City of Montebello, together with the Chamber of Commerce, did petition this Commission to allow applicant to establish there immediately a separate exchange. The Commission, after a careful investigation of that matter, was of the opinion that the subscribers of Montebello would be better served by the establishment of a separate exchange at Montebello, and that such procedure would be in the interest of the telephone subscribers of the Los Angeles Exchange. Acting upon these requests, the Commission did on May 28, 1924, issue its Decision No. 15624 (24 C.R.C. 958), ordering applicant to establish an exchange area to include the City of Montebello and adjacent territory. The Commission also fixed local rates for subscribers within the Montebello area, and established a toll rate for messages between Los Angeles and Montebello.

In the Montebello decision definite boundaries for the Primary Rate Area and Exchange Area were fixed. In the hearings following the issuance of this decision the location of the exchange boundary lines has been the subject of some discussion, and considerable evidence to the effect that certain sections located in the suburban area of the Montebello Exchange south of Whittier Boulevard and east of the westerly exchange boundary are being sub-divided for industrial purposes, and the desire of those interested in these sections is for Los Angeles

service. These parties further claim that there will be no particular demand for Montebello service. From our investigation of this condition and also from experience in similar instances, it appears that there will be a demand for both Los Angeles and Montebello service. Such industrial concerns as may establish their business within the Montebello area may have a need for direct Los Angeles service, and very probably they will also themselves desire to have Montebello service in addition. Residences, together with small businesses which will locate within this section, will probably find Montebello service satisfactory. With the establishment of a foreign exchange service both Los Angeles and Montebello service will be available to those desiring either or both services, and we believe that the complaints in connection with this matter will be satisfactorily taken care of, and, further, that the primary rate area and exchange area boundaries should remain as fixed by this Commission in Decision No. 13624.

This Commission has made careful investigation of applicant's request for establishment of an exchange at Beverly Hills. It does not appear that at the present time the needs and demands of applicant's subscribers, particularly those in Beverly Hills, will be met by the establishment of a local exchange. Beverly Hills is not now a separate community, such as Montebello or Culver City, it being in fact practically a residential section or suburb of the City of Los Angeles. It is true that Beverly Hills is separated from Los Angeles almost in the same way as Montebello, but this should not be the sole deciding factor in determining whether or not it should be established as a separate exchange. It is also true that by retaining Beverly Hills within the Los Angeles exchange area, the local rates will be considerably higher than if Beverly Hills was included in a separate exchange.

SM

The zoning plan, as proposed in this proceeding by Mr. Dodge, would be an ideal method of furnishing telephone service to the Beverly Hills area. This zoning plan will meet practically all of the requests made by the Beverly Hills representatives in that the subscribers would be so grouped that a local service would be available and in turn Los Angeles subscribers would have a direct local service with Beverly Hills. At the present time Beverly Hills is located outside the Los Angeles primary rate area. This means that Los Angeles service furnished in Beverly Hills is rendered at the Los Angeles rates plus mileage charges based upon the distance from the primary rate area to the subscribers' premises. We believe, from consideration of evidence before us, that applicant should continue to render service to the Beverly Hills and Sherman area on the basis of it being a part of the Los Angeles exchange area, until such time as the zoning plan may be made effective.

At the present time applicant is rendering service to the subscribers in Culver City under a very peculiar arrangement. A subscriber has the choice of selecting a local service or else a combination of local and Los Angeles service. As an illustration of this condition, a business subscriber of Culver City may obtain individual business service for a monthly charge of \$2.75, for which he is entitled to local service to all Culver City subscribers. For Los Angeles calls he is required to pay in addition a minimum toll charge of 10 cents per message. The optional schedule which this subscriber may select would allow him, for a monthly charge of \$13.50, unlimited service to Culver City and Los Angeles subscribers without the payment of the additional toll charge. Likewise, the corresponding rates for individual residence service under the two methods are \$2.25 and \$8.25, respectively. From our investigation of

this matter it appears that the demand of the Culver City subscribers is not sufficient to warrant the added expense necessary in rendering general Los Angeles service. There are a few subscribers in Culver City having a relatively large demand for service, and particularly Los Angeles service. These subscribers, together with their telephone use, should not necessarily be controlling in determining the most satisfactory method under which service is to be rendered to the other subscribers. A large majority of the Culver City subscribers have a need for Culver City service and very little need for Los Angeles service. For these people a separate exchange is more satisfactory and will result in a minimum charge for their use. Those subscribers who demand Los Angeles service are relatively few and they may obtain this service by means of the foreign service schedule even though an exchange is established at Culver City. We find that the Culver City exchange area should be continued as a complete separate unit.

At the present time both the Southern California Telephone Company and the Home Telephone and Telegraph Company of Pasadena are furnishing service in the City of South Pasadena, and any subscriber in that area may obtain service from either company, or both. The City of South Pasadena is located outside of the primary rate area of the Los Angeles Exchange and service is furnished by applicant under the Los Angeles rates plus an average mileage charge. The application of the zoning plan would be ideal under the conditions existing in South Pasadena, and in this respect South Pasadena is very similar to Beverly Hills. There appears to be no reason why the present method of rendering service in South Pasadena should not be continued, and the rates fixed in this proceeding contemplate no modification being made

at this time.

Certain subscribers and applicants for service now located in the Glendale exchange area north of Los Feliz Boulevard and west of the Southern Pacific Railroad between the City of Glendale and Griffith Park, represented by Mr. W. W. Clary, requested that they be included in the Los Angeles exchange area and be given Los Angeles service. At the present time the boundary between the Los Angeles and the Glendale exchange areas is the center line of Los Feliz Boulevard. The establishment of any boundary line, particularly through a developed section, results in a certain amount of difficulty. Where a boundary line must extend through a developed territory, the resulting difficulties may be kept to a minimum providing the boundaries are not extended along center lines of streets, but located a distance back from the streets or along the rear of the property joining those streets. In this particular case it is our suggestion that the boundary line be moved from the center line of Los Feliz Boulevard to a new location three hundred feet north of the center line of Los Feliz Boulevard. The relocation of this boundary in this manner will satisfy those complainants who are located on Los Feliz Boulevard. The balance of the territory included in a request from Mr. Clary extends for a distance approximately two miles north of Los Feliz Boulevard, and is at the present time wholly within the Glendale Exchange area and is being served from the Glendale office of The Pacific Telephone and Telegraph Company. To require applicant to include this territory in the Los Angeles area would work not only an injustice to the present Glendale subscribers within the area, but would require a duplication of plant which does not appear to be warranted without breaking down the principle of rate

fixing heretofore followed by this Commission. Those few subscribers who have an exceptional demand for Los Angeles service may obtain this service under the foreign exchange schedule. We believe that with the modification of the boundary line as herein discussed, and with the establishment of the foreign exchange service, complainants' requests will be satisfactorily taken care of.

The Commission's Engineering Department has also suggested a modification in the boundary of the Los Angeles Exchange Area which, at the present time, divides the Forest Lawn Memorial Park. This matter has been the subject of an informal complaint before this Commission, and it appears that the small portion of these grounds now located outside should be included in the Los Angeles Exchange Area. Applicant should make this modification.

The City of Los Angeles has requested certain modifications in the exchange and primary rate area boundaries. Among other things it suggests that the northerly exchange boundary be extended to include Universal City. At the present time Universal City is being furnished telephone service by applicant under a deviation from its regular rates. It appears that the establishment of foreign exchange service will satisfy this request, as this schedule will allow Universal City to continue to receive direct Los Angeles service.

The City <sup>further</sup> requests the extension of the primary rate area boundary to include the section now in the suburban area in the southwestern part of Los Angeles, and also a section just east of the City of Beverly Hills. The Commission's engineers have made an investigation of the location of the primary rate area boundary and have set forth their suggestions in this proceeding.

The establishment of a primary rate area boundary is merely an arbitrary division used in determining the proper spread of rates between those subscribers within and outside of the primary rate area. Inside the primary rate area the charges for a particular service are identical for all subscribers. The subscribers outside of the primary rate area may receive the service rendered within the primary rate area under the primary rates plus mileage charges based on the distance between the subscribers' premises and the nearest point on the primary rate area. In addition to this service a suburban service is also furnished for a fixed rate to all subscribers. As the primary rate area is enlarged, the effect for a constant gross revenue is an increase in the average rate to those subscribers within the primary rate area. With a contraction of the primary rate area, the reverse is true.

Granting the city's request for the extension of a primary rate area will have the result of making it necessary to slightly increase all rates within the primary rate area above those rates which assume no extension of the primary rate area. The proposal made by the Commission's engineers makes certain changes in the present exchange and primary rate area boundaries with a view to eliminating existing inequalities. We conclude that these changes as proposed will result in an equitable distribution of charges among the various subscribers involved and should be made by applicant.

Rates:

Applicant has submitted in evidence a proposed schedule of rates. This proposal contemplates flat rates applying to residence service and flat rates, together with optional measured rates for individual business line and commercial private branch exchange service. Service to hotel private branch exchange service is proposed to be furnished entirely on a measured service basis. Applicant's proposal also contemplates the establishment of separate exchanges at Montebello, Culver City, and Beverly Hills, together with a foreign exchange service which will allow any subscriber to obtain a direct or local service to any other exchange. Although applicant stated that the measured service rates are to be purely an optional rate, it has hesitated to say whether it believes that the optional method should be permanent or whether it has in mind later to request the abandonment of the flat rate.

The increase in exchange rates, which applicant is entitled to receive, must necessarily be obtained from the residence, business, and Private Branch Exchange subscribers. With the enormous growth of Los Angeles, the differentials in charges of the present rates applying to these classes of service have become such that the residence subscribers are paying more than their proportionate share, and the business and Private Branch Exchange subscribers, and particularly the latter, are paying much less than their proper share. As a community grows, the value of telephone service to business subscribers increases at a very much faster rate than to residence subscribers. In fact, the value to residence subscribers soon reaches a maximum at which point an increase in rates in general will result in a decreased use of service, accompanied by a decrease in revenue.

The rates herein fixed contemplate the readjustment of the differential not only between the different classes of service, but also between the various grades of service under each class.



From the evidence it does not appear that the spread of the increase in the rates requested by applicant, between the residence, business and private branch exchange service, can be justified. We do not believe that the rates for residence service, under the existing conditions now prevailing in Los Angeles, should be increased to the extent suggested by applicant.

The Company's and the Commission's engineers, in their exhibits showing estimated revenue for the year 1924, under the proposed rates, did not consider any regrading of service which, without question, will actually occur if an increase is made in rates. When the rates herein fixed for residence service become effective some of the subscribers now taking individual service will change to two-party and four-party service, and certain of those now taking two-party service will change to four-party service. The regrading which will take place will result in a reduction in gross revenue below that estimated and an allowance for this must be made.

Applicant has suggested that the residence rates be increased for individual line service from \$3.75 to \$5.50 per month, for two-party service from \$3.00 to \$4.25 per month, and for four-party service from \$2.25 to \$3.25 per month. These rates in each case apply to wall telephones. The rate for desk telephones is 25 cents higher than the corresponding rate for wall telephones. The rates herein fixed for residence service are \$4.75 per month for individual line service, \$3.50 per month for two-party service, and \$2.75 per month for four-party line service. These rates compare favorably with rates for residence service furnished in other cities of comparable size. The monthly rate for individual line

flat rate service is \$5.50 in Baltimore and Pittsburgh, \$4.50 in Cincinnati and St. Louis, and \$5.00 in Washington. The minimum monthly rate for residence measured service is \$5.50 in Boston, \$5.00 in Cleveland and Detroit, and \$4.00 in Philadelphia.

The Company has asked that the business flat rate be increased from \$9.00 to \$12.50 per month, and has also requested the establishment of an optional measured service rate of \$5.50 for 70 messages or less per month, 5¢ per message for the next 130 messages, and 4¢ for additional messages. The rates herein fixed will provide an optional measured service rate of \$5.50 per month for 75 messages or less, 5¢ per message for the next 100 messages, and 4¢ for additional messages. The term "message" as herein used means a completed exchange call to the number desired. Busy calls, wrong number calls, company calls, including information calls, trouble calls, calls to long distance, are not referred to as a message and will not be charged for under this schedule.

As heretofore stated, we believe that flat rate service for individual business line and commercial private branch exchange service should be continued only until measured service can be established and the subscriber be given ample opportunity to become familiar with the new rates and their application. The rates herein fixed contemplate that on and after January 1, 1926, individual business line service and all private branch exchange service in the Los Angeles exchange area shall be furnished only under measured rates. The measured rates herein fixed for business service will result in a reduction in charges compared with the present flat rates to a considerable number of users and to those business subscribers having a relatively

small demand for service. Those subscribers having a large demand for service will have their rates increased and under the measured rates the increase will be nearly in proportion to the number of telephone calls made.

As in the case of the individual line business service, it will be necessary to retain a flat rate for commercial private branch exchange service until January 1, 1926. During the year 1925 a subscriber may elect to take this service under either the flat or measured schedule of rates.

The Company has asked for a measured rate applying to commercial private branch exchange service, which includes a rate of \$12.00 for the first trunk with 200 messages, \$3.50 for each additional trunk without messages, and 4¢ for each additional message. The rates herein fixed, provide a trunk charge of \$8.00 for the first two trunks, \$3.00 for each additional trunk, and 4¢ for each message.

The proposed hotel private branch exchange rates herein fixed contemplate that this service shall be furnished under a measured rate. This schedule provides no charge for trunks but includes a 5¢ rate for each message.

The Company has asked for a 25¢ charge for all dials except switchboard dials used in connection with private branch exchange service. In Los Angeles the Company's equipment is both manual and automatic and either may be installed by the Company and the subscriber has no option of selection. A subscriber having a private branch exchange, which is connected to a manual office, may set up a number of night connections equal to the number of trunks, and in this way service may be had over each without a local private branch exchange operator being in attendance. In order to get this same service when the private branch exchange switchboard is connected to an automatic office

dials are required. It seems reasonable for the Company to furnish, without charge, dials in addition to the switchboard dial, equal in number to the number of trunks connecting the private branch exchange to the central office. The station charge for measured service has been made 25¢ lower than the corresponding charge under the flat rate service. This reduction is reasonable under a message rate type of schedule.

The Company has asked for an increase of approximately 50 per cent in the present mileage charges. From consideration of the evidence we do not find that the present charges should be increased and in the rates herein fixed no modification in the mileage charges has been made.

A review of the rates fixed by the Commission in the early part of this proceeding for exchange service in Montebello does not indicate that any change should now be made in these rates. Schedules have been added, however, to cover service to commercial and hotel private branch exchange service and business intercommunicating service. Rates for Culver City correspond to those fixed for Montebello, taking into account the greater number of subscribers in Culver City.

Heretofore rates for service furnished in the South Pasadena rate area have been the Los Angeles primary rate plus an average mileage charge. The rates herein fixed applying to this service assume the continuation of this method.

The determination of a rate for foreign exchange service, which will be equitable to all subscribers and which will not result in an abuse of that service, has presented some very interesting and difficult problems. The conditions which may be met in the furnishing of this service are numerous and complicated. The rate, however, must apply to all these conditions

and must in itself be readily adaptable to these conditions. A rate for this service has been designed by adding to the exchange rate applying in the foreign exchange from which service is desired, the regular mileage charge applied to the distance between the foreign exchange primary rate area and exchange boundaries, and a mileage charge of \$3.00 per one-half mile applied to the distance between the subscriber's premises and the nearest point on a specified portion of the foreign exchange boundary.

Any material change in the rate structure, particularly when that change is an increase in rates, always results in changes of service by the subscriber and in general confusion to a more or less degree. This will be particularly true at this time, due to the introduction of measured service. These changes will result in numerous inquiries and questions and the Company should adopt and carry out a very broadminded and liberal policy in dealing with this most complicated problem.

O R D E R

In Application No. 9648

Southern California Telephone Company having applied to the Railroad Commission for an order authorizing it to introduce measured service in part of its territory and with reference to certain classes of service therein, to establish local exchanges at Montebello, Culver City and Beverly Hills, to establish the standard toll rates between exchange areas, and to establish a rate for foreign exchange service, and for further relief as may be meet and proper, and for such other and further relief thereafter as further investigation and development may show to be necessary, public hearings having been held, the matter being submitted and now ready for decision,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY FINDS AS A FACT that Southern California Telephone Company should continue the operation of the Montebello Exchange as set forth under this Commission's Decision No. 13624 (24 CRC 958), operate the Culver City Exchange as a separate exchange unit, establish foreign exchange service; and further finds as a fact that the rates now charged by Southern California Telephone Company are unjust and unreasonable in so far as they differ from the rates hereinafter set forth.

Basing its Order on the foregoing findings of fact and on such other findings and statements of fact as are set forth in the Opinion preceding this Order,

IT IS HEREBY ORDERED that Southern California Telephone Company shall

1. Charge and collect for exchange service furnished on and after February 1, 1925, the rates and charges

set forth in Exhibit "A" attached hereto and made a part hereof, except as modified in Section (16) following.

2. File with the Railroad Commission, on or before January 31, 1925, a schedule of rates and charges set forth in said Exhibit "A",
3. Establish a Primary Rate Area for the Los Angeles Exchange in accordance with the descriptions set forth in Exhibit "B" attached hereto and made a part hereof,
4. File with the Railroad Commission, on or before January 31, 1925, a map showing the Primary Rate Area as described in said Exhibit "B",
5. File with the Railroad Commission on or before January 31, 1925, a map showing the Los Angeles Exchange Area modified to include those sections referred to in the opinion preceding this Order,
6. Discontinue within the Los Angeles Exchange Area on and after February 1, 1925, flat rate hotel private branch exchange service,
7. Discontinue within the Los Angeles Exchange Area, on and after January 1, 1926, flat rate business service, flat rate commercial private branch exchange service, and flat rate business intercommunicating system service, described under Schedules Nos. A-1, A-5 and A-7 of Exhibit "A" attached hereto,
8. Cancel as of January 1, 1926, the rates applying to flat rate business service, flat rate commercial private branch exchange service and flat rate busi-

ness inter-communicating system service furnished within the Los Angeles Exchange Area, as set forth under Schedules A-1, A-5 and A-7 of Exhibit "A" attached hereto,

9. File with the Railroad Commission on or before January 31, 1925, rules and regulations governing measured service, similar to those rules and regulations now on file with this Commission for The Pacific Telephone and Telegraph Company, the same to become effective February 1, 1925,
10. Cancel as of January 31, 1925, Rule and Regulation No. 26, governing credit allowance for interruption to service set forth under Revised Sheet C. R. C. No. 162-T, and make effective for service rendered on and after February 1, 1925, the following rule and regulation:

"The Company will allow subscribers credit in all cases where telephones are "out of service", except when the "out of service" is due to the fault of the subscriber, for periods of one day or more from the time the fact is reported by the subscriber or detected by the Company, of an amount equal to the total bill for exchange service multiplied by the ratio of the number of days of "out of service" to the total number of days in the billing period covered by the total bill for exchange service.

"A day of "out of service" will be considered to exist when outgoing service is not available for a period of twenty-four consecutive hours. When any "out of service" period continues for a period in excess of an even multiple of twenty-four hours, then the total period upon which to determine the credit allowance will be taken to be the next higher even twenty-four hour multiple.

"In no case will the credit allowance for any period exceed the total bill for exchange service for that period."



11. File with the Railroad Commission, on or before January 31, 1925, the Rule and Regulation governing credit allowance, set forth under Section (10) above,
12. Continue the operation of the Montebello Exchange as ordered in this Commission's Decision No. 13624, dated May 28, 1924,
13. Operate, on and after March 1, 1925, the present Culver City Exchange as a complete and separate exchange unit, and establish as the Culver City Exchange Area that certain area shown in Exhibit "D" attached hereto and made a part hereof,
14. File with the Railroad Commission, on or before January 31, 1925, a map of the Culver City Exchange and Primary Rate Areas shown in said Exhibit "D",
15. Discontinue, on and after March 1, 1925, Los Angeles Exchange service (except Los Angeles service under the Foreign Exchange Service Schedule) within the Culver City Area Exchange,
16. Charge and collect the present rates for Los Angeles Exchange service (not including Los Angeles service under the Foreign Exchange Service Schedule) furnished within the Culver City Exchange Area during the month of February, 1925,
17. Cancel as of January 31, 1925, the schedule of rates set forth under the following C.R.C. sheets now on file with this Commission:

Sheets Nos. 95-T, 96-T, 97-T, 98-T, 102-T, 103-T, 104-T, 105-T, 108-T, 109-T, 110-T, 111-T, 210-T, 212-T, 214-T, to 217-T inclusive, 219-T, 221-T, 222-T, and 224-T to 233-T inclusive,

and Schedule No. 1 on Sheets Nos. 94-T, 100-T, 101-T, 106-T and 107-T.

18. Cancel as of February 28, 1925, Schedule No. 2 on Sheet Nos. 94-T, 100-T, 101-T, 106-T and 107-T, now on file with this Commission.
19. Render to each Business and Private Branch Exchange subscriber receiving flat rate service during the months of September, October, November and December, 1925, a statement showing the charges which would apply to that service under the corresponding measured schedule of rates.
20. Establish toll service between the Culver City Exchange and the Los Angeles and Montebello Exchanges on and after February 1, 1925.
21. Charge and collect rates for toll service furnished on and after February 1, 1925, set forth in Exhibit "C" attached hereto and made a part hereof.
22. File with the Railroad Commission on or before January 31, 1925, a schedule of rates for toll service set forth in said Exhibit "C".
23. File with the Railroad Commission, on or before April 1, 1925, a list of all deviations from the regular filed schedules of rates as of December 15, 1924, together with a plan for the disposition of these deviations.

In Case No. 2026.

~~Synona~~ Brick Company having filed a complaint requesting the Railroad Commission to suspend the operation of the Order in this Commission's Decision No. 13624 (24 C.R.C. 958), dated May 28, 1924, as to the discontinuance of Los Angeles service furnished to it in Montebello, a hearing having been held and the matter submitted, and it now appearing that with the establishment of Los Angeles Service in the Montebello Exchange Area under the Foreign Exchange Service schedule, complainant may obtain the service which it desires.

IT IS HEREBY ORDERED that this complaint be, and the same is hereby dismissed.

For all other purposes, the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 31<sup>st</sup> day of December, 1924.

C. C. Seavey

Irving Martin  
Garton Shore

J. T. Whittlesey

Commissioners

EXHIBIT "A"

EXCHANGE RATES

SCHEDULE NO. A-1

BUSINESS SERVICE - INDIVIDUAL LINE AND TWO PARTY LINE

LOS ANGELES

SERVICE:

Applicable to business individual and two party line flat rate service, individual line measured service and individual line coin box service furnished within the Primary Rate Area of the Los Angeles Exchange.

RATE:

A. Individual Line.

(1) Business Flat Rate Service

|                              | <u>Rate per Month</u> |                 |
|------------------------------|-----------------------|-----------------|
|                              | <u>Wall Set</u>       | <u>Desk Set</u> |
| Each Individual Line Station | \$12.50               | \$12.75         |
| Each Auxiliary Line Station  | 12.50                 | 12.75           |
| Each Extension Station       | 1.25                  | 1.50            |

(2) Business Measured Service

|                                     | <u>Rate</u>         |                     |
|-------------------------------------|---------------------|---------------------|
|                                     | <u>Wall Set</u>     | <u>Desk Set</u>     |
| Each Individual Line Station        |                     |                     |
| First 75 messages or less per month | \$ 5.50             | \$ 5.75             |
| Next 100 messages per month         | 5¢ per mes-<br>sage | 5¢ per mes-<br>sage |
| All over 175 messages per month     | 4¢ per mes-<br>sage | 4¢ per mes-<br>sage |
| Each Extension Station              | \$1.00 per mo.      | \$1.25 per mo.      |

(3) Business Coin Box Service

Individual Line Wall Set.

|                                  |                |
|----------------------------------|----------------|
| First 4 messages or less per day | \$ .20         |
| All over 4 messages per day      | 5¢ per message |

Individual Line Desk Set:

The above wall set rate plus \$.25 per month.

Extension Station:

|               |                  |
|---------------|------------------|
| Each Wall Set | \$1.00 per month |
| Each Desk Set | \$1.25 per month |

B. Two-Party Line:

Two-party business service will not be available to new subscribers on and after February 1, 1925. Subscribers located within the Primary Rate Area receiving two-party business flat rate service as of January 31, 1925, may continue this service until December 31, 1925, at a rate of \$9.75 per month for each wall set primary station, and \$10.00 per month for each desk set primary station. The rate for extension stations is \$1.25 per month for each wall set and \$1.50 per month for each desk set.

Subscribers located in the suburban area receiving two-party business flat rate service as of January 31, 1925, may continue this service until December 31, 1925, at the above rates plus the regular mileage charges except in South Pasadena Rate Area.

CONDITIONS:

(1) Prior to January 1, 1926, the subscriber may select, at his option, either Rate (1) or Rate (2) of Section (A) above. On and after January 1, 1926, Flat Rate Service under Rate (1) will be discontinued.

(2) Extension stations at the above rates are installed on the premises on which the primary station is located. The above rates plus mileage rates are applicable to outside extension stations.

(3) Individual line service will be provided outside the primary area but within the exchange area at the above rates plus mileage rates except in South Pasadena Rate Area.

SCHEDULE NO. A-2

RESIDENCE SERVICE - INDIVIDUAL AND PARTY LINE

LOS ANGELES

SERVICE:

Applicable to individual and party line residence flat rate service furnished within the Primary Rate Area of the Los Angeles Exchange.

RATE:

|                              | Rate Per Month  |                 |
|------------------------------|-----------------|-----------------|
|                              | <u>Wall Set</u> | <u>Desk Set</u> |
| Each Individual Line Station | \$4.75          | \$5.00          |
| Each Two-Party " "           | 3.50            | 3.75            |
| Each Four-Party " "          | 2.75            | 3.00            |
| Each Extension Station       | 1.00            | 1.25            |

CONDITIONS:

(1) Individual line service will be provided outside the Primary Rate Area but within the Exchange Area at the above rates plus mileage rates, except in South Pasadena Rate Area.

SCHEDULE NO. A-3

MILEAGE RATES:

ENTIRE TERRITORY

Mileage rates applicable throughout the entire territory served.

RATE:

(1) Within Suburban Area.

| <u>Service</u>                          | <u>Rate per each one-quarter mile or fraction thereof per month</u> |
|---|---|
| Each Individual Line Primary Station    | \$.50   |
| Each Private Branch Exchange Trunk Line | .50   |
| Each Battery Circuit                    | .50   |
| Each Ringing Power Supply Circuit       | .50   |
| Each Two-party Line Primary Station     | .35   |
| Each Four-party Line Primary Station    | .25   |

The above rates are based on air line distance measured between the subscriber's primary station or private branch exchange switchboard and the nearest point on the boundary of the Primary Rate Area. These rates are applied to the services listed above when subscriber's instrumentalities are located outside the Primary Rate Area but within the Exchange Area, in addition to the other rates applying to those services, except in South Pasadena Rate Area.

(2) Within Exchange Area and off Subscriber's Premises.

| <u>Service</u>  | <u>Rate per Each One-quarter Mile or Fraction thereof per month</u> |
|---|---|
| Each Extension Station  | \$.50   |
| Each Private Branch Exchange Station                                  | .50   |
| Each line between Private Branch Exchange Switchboard and Order Board | .50   |



SCHEDULE NO. A-3 (CONTINUED)

ENTIRE TERRITORY

The above rates are based on route mileage, which is the lineal length of the actual circuit required. These rates are applicable in connection with extension stations, private branch exchange stations and order board lines terminated off the premises on which the primary station or private branch exchange switchboard is located, in addition to the rate for service on the premises on which the primary station or private branch exchange switchboard is located.

SCHEDULE NO. A-4

SUBURBAN SERVICE

LOS ANGELES

SERVICE

Applicable to suburban party line flat rate service furnished in the Suburban Area of the Los Angeles Exchange.

RATE

|                   | <u>Rate per Month per Station</u> |                 |
|-------------------|-----------------------------------|-----------------|
|                   | <u>Wall Set</u>                   | <u>Desk Set</u> |
| Business Service  | \$4.50                            | \$4.75          |
| Residence Service | 3.50                              | 3.75            |

CONDITIONS

Suburban service is furnished outside the Primary Rate Area but within the Exchange Area. In no case will the total number of stations connected to one circuit exceed ten (10) stations.

SCHEDULE NO. A-5

COMMERCIAL PRIVATE BRANCH EXCHANGE SERVICE

LOS ANGELES

SERVICE

Applicable to Commercial Private Branch Exchange flat rate and measured service furnished within the Primary Rate Area of the Los Angeles Exchange.

RATE

(1) Business Commercial Flat Rate Service Rate per Month

(a) Switchboard Rate

Each switchboard position with battery and ringing power supply circuits and switchboard telephone including dial in connection with trunk lines to a machine switching central office:

Cordless Type Switchboard \$5.00

Cord Type Switchboard

Non-Multiple

30 lines or less \$7.50

31 to 30 lines 12.00

Over 30 lines 15.00

Multiple 18.00

Multiple station and trunk jacks in excess of one jack per line per strip of 10 jacks or portion installed: .20

(b) Trunk Rate

Each Trunk Line 18.00

(c) Station Rate

|               | <u>Without Dial</u> | <u>With Dial (*)</u> |
|---------------|---------------------|----------------------|
| Each Wall Set | \$1.25              | \$1.50               |
| Each Desk Set | 1.50                | 1.75                 |

SCHEDULE NO. A-5 CONTINUED

LOS ANGELES

(\*) Dial stations not to exceed one for each trunk line to a machine switching central office will be provided at the rate for non-dial stations.

(d) Auxiliary Equipment

Each Two Position Order Board with telephone set for each position \$7.50 per month.

Each Line from Order Board to Private Branch Exchange switchboard \$1.50 per month.

(2) Business Commercial Measured Service Rate per Month

(a) Switchboard Rate.

Each switchboard position with battery and ringing power supply circuits and switchboard telephone including dial in connection with trunk lines to a machine switching central office

Cordless Type Switchboard \$5.00

Cord Type Switchboard

Non-multiple

30 lines or less 7.50

51 to 80 lines 12.00

Over 80 lines 15.00

Multiple 18.00

Multiple station and trunk jacks in excess of one jack per line per strip of 10 jacks or portion installed .20

(b) Trunk Rate.

First Two Trunk Lines \$8.00

Each Additional Trunk Line 3.00 per Trunk

(c) Message Rate.

Each Exchange Message 4¢

| (d) <u>Station Rate</u> | <u>Without<br/>Dial</u> | <u>With<br/>Dial (*)</u> |
|-------------------------|-------------------------|--------------------------|
| Each Wall Set           | \$1.00                  | \$1.25                   |
| Each Desk Set           | 1.25                    | 1.50                     |

(\*) Dial stations not to exceed one for each trunk line to a machine switching central office will be provided at the rate for non-dial stations.

(e) Auxiliary Equipment

|   |        |
|---|--------|
| Each Two-position Order Board<br>with telephone set for each position | \$7.50 |
| Each Line from Order Board to<br>Private Branch Exchange switchboard  | 1.25   |

CONDITIONS

(1) Prior to January 1, 1926, the subscriber may select at his option either Rate (1) or Rate (2). On and after January 1, 1926, flat rate service under Rate (1) will be discontinued.

(2) Each private branch exchange system will consist of at least one switchboard position, two trunk lines and four stations, excluding switchboard telephone.

(3) Cordless switchboards, with a maximum capacity for three trunk lines and seven stations, are provided with a standard desk station. Cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. Upon request of the subscriber, an operator's set, consisting of a single head receiver and chest type transmitter for each position will be provided, in lieu of the standard, for switchboards of two or three positions, without additional charge. Operators'

chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

(4) The above rates are applicable to all private branch exchange service, except Hotel Service which is provided in hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters.

(5) Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations and to service provided outside the primary rate area and within the exchange area, except in South Pasadena Rate Area.

(6) Order boards provided at the above rates are installed on the premises on which the switchboard is located, and will consist of at least one position and four lines to the Private Branch Exchange switchboard. Order boards will be installed off the premises at the above rates plus mileage rates, provided they are for the use of the subscriber and are within the standard transmission limits.

SCHEDULE NO. A-6

HOTEL PRIVATE BRANCH EXCHANGE SERVICE

LOS ANGELES

SERVICE

Applicable to Hotel Private Branch Exchange measured service rendered within the Primary Rate Area of the Los Angeles Exchange.

MEASURED SERVICE RATE

Rate per Month

(a) Switchboard Rate

Each switchboard position with battery and ringing power supply circuits and switchboard telephone, including dial in connection with trunk lines to a machine switching central office:

Cord Type Switchboard

Non-Multiple

|                 |        |
|-----------------|--------|
| 30 line or less | \$7.50 |
| 31 to 80 lines  | 12.00  |
| Over 80 lines   | 15.00  |

Multiple 18.00

Multiple stations and trunk jacks in excess of one jack per line, per strip of 10 jacks or portion installed .30

(b) Message Rate

Each Exchange Message - 5¢

(c) Station Rate

|                                 | <u>Without Dial</u> | <u>With Dial (*)</u> |
|---------------------------------|---------------------|----------------------|
| Each Wall Set in guest room     | \$ .75              | \$1.00               |
| Each Wall Set not in guest room | 1.00                | 1.25                 |
| Each Desk Set in guest room     | 1.00                | 1.25                 |
| Each Desk Set not in guest room | 1.25                | 1.50                 |

(\*) Dial stations not to exceed one for each trunk line to a machine switching central office will be provided at the rate for non-dial stations.

CONDITIONS

(1) Each private branch exchange system will consist of at least one switchboard position, two trunk lines and ten stations, excluding switchboard telephone.

(2) Cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. Upon request of the subscriber, an operator's set, consisting of a single head receiver and chest type transmitter for each position will be provided, in lieu of the standard, for switchboards of two or three positions without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

(3) The above rates are applicable to private branch exchange service furnished to hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters. Clubs letting rooms to members or guests of members only are not considered as being subscribers entitled to hotel service.

(4) Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations and to service provided outside the primary rate area and within the exchange area, except in South Pasadena Rate Area.



CONDITIONS

(5) Trunks sufficient to meet the traffic demand will be furnished by the Company without charge to the subscriber.

SCHEDULE NO. A -7

BUSINESS SERVICE - INTERCOMMUNICATING SYSTEMS -

LOS ANGELES

SERVICE:

Applicable to Business Intercommunicating flat rate and measured service furnished within the Primary Rate Area of the Los Angeles Exchange.

RATE:

(1) Business Flat Rate Service:

(a) Station Rate:

Rate per Month  
Wall Set-Desk Set

Each station, including receiving station, with or without dial, with switching device, on premises on which receiving station is located:

|                          |        |        |
|--------------------------|--------|--------|
| 10 line switching device | \$2.00 | \$2.25 |
| 20 " " "                 | 2.25   | 2.50   |
| 30 " " "                 | 2.50   | 2.75   |

Each station, with or without dial, with switching device, off premises on which receiving station is located, but not exceeding 300 ft. from receiving station:

|                          |        |        |
|--------------------------|--------|--------|
| 10 line switching device | \$3.00 | \$3.25 |
| 20 " " "                 | 3.25   | 3.50   |
| 30 " " "                 | 3.50   | 3.75   |

(b) Trunk Rate:

Rate Per Month

Each Trunk Line \$18.00

(2) Business Measured Service:

(a) Station Rate:

Rate Per Month  
Wall Set-Desk Set

Each station, including receiving station, with or without dial, with switching device, on premises on which receiving station is located:

|                          |        |        |
|--------------------------|--------|--------|
| 10 line switching device | \$1.50 | \$1.75 |
| 20 " " "                 | 1.75   | 2.00   |
| 30 " " "                 | 2.00   | 2.25   |

|  |  | <u>Rate Per Month</u> |                 |
|--|--|-----------------------|-----------------|
|  |  | <u>Wall Set</u>       | <u>Desk Set</u> |

Each station, with or without dial, with switching device, off premises on which receiving station is located, but not exceeding 500 ft. from receiving station:

|                          |  |        |        |
|--------------------------|--|--------|--------|
| 10 line switching device |  | \$2.50 | \$2.75 |
| 20 " " "                 |  | 2.75   | 3.00   |
| 30 " " "                 |  | 3.00   | 3.25   |

(b) Trunk Rate:

|                            | <u>Rate Per Month</u> |
|----------------------------|-----------------------|
| First Two Trunk Lines      | \$8.00                |
| Each Additional Trunk Line | 3.00 per trunk        |

(c) Message Rate:

|                       |    |
|-----------------------|----|
| Each Exchange Message | 4¢ |
|-----------------------|----|

CONDITIONS:

(1) Each intercommunicating system will consist of at least two trunk lines and four stations, including receiving station.

(2) The above rates plus mileage rates are applicable to service provided outside the primary rate area and within the exchange area, except in South Pasadena Rate Area.

SCHEDULE NO. A-8

RESIDENCE SERVICE - INTERCOMMUNICATING SYSTEM

LOS ANGELES

SERVICE:

Applicable to residence intercommunicating flat rate service furnished within the Primary Rate Area of the Los Angeles Exchange.

RATE:

(a) Station Rate:

|  | <u>Rate Per Month</u> |                 |
|--|-----------------------|-----------------|
|  | <u>Wall Set</u>       | <u>Desk Set</u> |
| Each station, including receiving station, with or without dial, with switching device, on premises on which receiving station is located: |                       |                 |
| 12 button switching device   | \$2.00                | \$2.25          |
| 24 " " "   | 2.25                  | 2.50            |
| 36 " " "   | 2.50                  | 2.75            |

Each station, with or without dial with switching device, off premises on which receiving station is located but not exceeding 300 feet from receiving station:

|                            |        |        |
|----------------------------|--------|--------|
| 12 button switching device | \$3.00 | \$3.25 |
| 24 button switching device | 3.25   | 3.50   |
| 36 " " "                   | 3.50   | 3.75   |

(b) Trunk Rate:

Each Trunk Line \$8.00

CONDITIONS:

(1) Each intercommunicating system will consist of at least one trunk line and three stations, including receiving station.

(2) The above rates plus mileage rates are applicable to service provided outside the primary rate area and within the exchange area, except in South Pasadena Rate Area.

SCHEDULE NO. A - 9

APARTMENT HOUSE SERVICE:

ENTIRE TERRITORY

SERVICE:

Applicable to Apartment House Interior Systems furnished throughout the entire territory served.

RATE:

Rate Per Month

|  |        |
|--|--------|
| Each Vestibule or Janitor Station with wall set and associated keys to call apartment and janitor stations connected to the system | \$1.50 |
| Each Apartment Station, wall set, equipped to call the janitor station   | .50    |

CONDITIONS:

- (1) Each Apartment house system will consist of at least one vestibule station and four apartment stations.
- (2) Exchange service will be provided in connection with apartment and janitor telephones at the rates shown in Exchange Service Schedule No. A-2.

SCHEDULE NO. 4 - 10

PUBLIC PAY STATION SERVICE

ENTIRE TERRITORY

SERVICE:

Applicable to service from Company's  
non-listed public telephone stations through-  
out the territory served.

RATE:

Each Exchange Message 5¢

CONDITIONS:

Public telephones will be installed by  
the company at its discretion, in public locations,  
to meet the general and transient telephone require-  
ments.

SCHEDULE NO. A - 11

PRIVATE LINE SERVICE

ENTIRE TERRITORY

SERVICE:

Applicable to Private Lines provided within any Exchange Area of the Territory Served.

RATE:

Rate Per Month

|   |        |
|---|--------|
| Each one-quarter mile or fraction thereof of circuit, route mileage | \$ .75 |
| Each telephone and battery:   |        |
| Wall Set  | 1.00   |
| Desk Set  | 1.25   |

MINIMUM CHARGE:

|                        |      |
|------------------------|------|
| Monthly Minimum Charge | 3.50 |
|------------------------|------|

CONDITIONS:

- (1) The above rates include battery renewals.
- (2) Private Lines are provided within the exchange area, solely for communication between the stations thereon, and are not permitted to be connected to exchange service lines.

SCHEDULE NO. A-12

JOINT USER SERVICE

LOS ANGELES

SERVICE:

Applicable to Joint User Service furnished within the Los Angeles Exchange Area.

RATE:

| <u>Each Joint User Service in Connection With:</u>   | <u>Rate per mo.</u> |
|--|---------------------|
| (a) Individual Business,<br>Flat Rate Service  | \$4.00              |
| (b) Individual Business,<br>Measured Service   | 1.50                |
| (c) Individual Business,<br>Coin Box Service   | 1.50                |
| (d) Private Branch Exchange,<br>Flat Rate Service,<br>including Inter-<br>communicating System<br>Flat Rate Service    | 5.50                |
| (e) Private Branch Exchange,<br>Measured Rate Service,<br>including Intercommunicating<br>System Measured Rate Service | 3.50                |

CONDITIONS:

(1) The applicability of joint user service is determined by the obvious or actual use made of the service.

(2) The rate for joint user service includes a listing in the telephone directory and applies in addition to the rates and charges for the facilities and all other service provided. Joint user service is furnished upon application of the subscriber as follows:



a. Applications for the use of the subscriber's service by any individual, firm, company or association occupying jointly or in part the premises on which the primary station or private branch exchange switchboard is located. The subscriber's facilities or service are not to be extended off the premises to provide joint user service.

b. Applications for the use of the subscriber's service for another business conducted by the subscriber and differing in character and subject to a different classification from that for which the facilities are provided.

(3) In the case of individuals, firms, companies and associations engaged in the same business or profession, utilizing a common reception room with offices opening thereon or adjoining thereto, one of the number may become the subscriber and the remainder joint users. If the individuals or members of a firm, company or association file a joint income tax return, that will be accepted as sufficient evidence of a single business and joint user service is not applicable. Whenever any individual member of a firm, company or association does not substantially participate in the earnings of his fellow members of such firm, company or association, then that fact shall be conclusive evidence that he is a joint user and the joint user rate is applicable.

(4) The minimum charge for joint user service shall be the monthly rate, provided that if the service is listed in the telephone directory, it shall be paid for until the end of the directory period unless the subscriber's service is discontinued.

(5) On and after January 1, 1926, the above rates (a) and (d) will be discontinued.

DIRECTORY LISTINGS

Applicable to Listings in Telephone Directory of Southern California Telephone Company.

Listings in the alphabetical section of the telephone directory are intended solely for the purpose of identifying subscribers' telephone numbers as an aid to the use of telephone service. Telephone directories are furnished subscribers to facilitate the use of the service, and remain the property of the Telephone Company and may be collected upon issuance of new directories. Subscribers are entitled, without charge, to listings in the alphabetical section of the directory as follows:

INDIVIDUAL LINE SERVICE 1 Listing.

In case of a firm, one additional listing will be given for one member of that firm.

JOINT USER SERVICE: 1 Listing.

PARTY LINE SERVICE EACH PRIMARY STATION 1 Listing.

PRIVATE BRANCH EXCHANGE SERVICE, INCLUDING INTERCOMMUNICATING SYSTEMS, EACH TRUNK LINE 1 Listing.

RATE:

| <u>Additional Listings in Telephone Directory:</u>                            | Rate Per Mo. |
|---|--------------|
| Member of same firm or business, each listing                                 | \$ .25       |
| Any individual residing at a residence, listed at the residence, each listing | .25          |
| Listing of guest of hotel, each listing                                       | .25          |
| Any information in addition to a listing, each line                           | .25          |

CONDITIONS:

(1) Business listings consist of a name, the address of the premises on which the primary station, switchboard or receiving station is located, and the telephone number. A designation descriptive of the business will be included if the name does not indicate the nature of the business.

(2) Business listings may be those of individuals engaged in a business, names of firms or members thereof, the names of corporations or the officers thereof, and the names of employees. A trade name made up by adding a term, such as company, agency, shop, works, etc. to the name of a commodity will not be accepted as a listing unless the subscriber is authorized to do business under that name. Listings are not accepted which appear to be designed primarily to give publicity to a commodity or service.

(3) All additional listings in connection with a subscriber's service, except night service, must bear the same address and telephone number as the primary listing, except that additional listings in connection with private branch exchange stations and extension stations not located on the same premises as the primary station may show the address at which the station is located but will be accepted only in the name of the subscriber.

(4) Residence listings consist of a name, an abbreviation indicating "residence", the address of the premises to which service is furnished, and the telephone number.

(5) Residence listings may be those of the subscriber or members of the subscriber's domestic establishment residing on the premises on which the subscriber's service is provided.

SCHEDULE A-14

SUPPLEMENTAL EQUIPMENT

ENTIRE TERRITORY

SERVICE:

Rates applicable to Supplemental Equipment furnished by the company throughout the entire territory served.

RATE:

| <u>SUPPLEMENTAL EQUIPMENT</u>   | <u>Installation<br/>Charge</u> | <u>Rate<br/>Per Month</u> |
|---|--------------------------------|---------------------------|
| Ordinary extension bell - - - - -   | \$1.25                         | \$.25                     |
| Ordinary extension bell with switch - -   | 1.50                           | .35                       |
| Loud ringing " " " " - -  | 1.50                           | .50                       |
| Buzzer circuit, inc. 1 push button,<br>1 buzzer, battery and 50' of wiring  | 1.50                           | .25                       |
| Each Additional push button - - - - -   | .35                            | .05                       |
| Each additional buzzer - - - - -  | .35                            | .10                       |
| Each additional 50' or less of wire - -   | .30                            | .10                       |
| Cam lever switch - - - - -  | 1.25                           | .25                       |
| Desk set cords exceeding 6' in length:<br>Each Installation or replacement -  | 1.00                           | --                        |
| Booth - - - - -   | 5.00                           | 1.50                      |
| Intercommunicating device for private branch<br>exchange stations:  |                                |                           |
| 10 line switching device - - -  |                                | .50                       |
| 20 " " " " - - - (Actual  |                                | .75                       |
| 30 " " " " - - - (Expense   |                                | 1.00                      |
| Chest transmitter on standard one position<br>private branch exchange switchboard<br>to be used in place of standard trans-<br>mitter - - - - -   | --                             | .25                       |
| Chest transmitter and single head receiver<br>for use by relief operators on private<br>branch exchange switchboards equipped<br>with such sets - - - - -   | --                             | 1.00                      |
| Chest transmitter and single head receiver sub-<br>mitted for a standard telephone on a pri-<br>mary or extension station to meet special<br>requirements in connection with any class<br>of business service, desk station rate plus - |                                | .25                       |
| Head receiver in place of one standard hand<br>receiver in addition to, or in place of<br>the hand receiver on a primary or ex-<br>tension station in connection with any<br>type of business service:                                  |                                |                           |
| Single Head Receiver or Watch<br>Case Receiver - - - - -  |                                | .25                       |
| Double Head Receiver or two Watch<br>Case Receivers - - - - -   |                                | .50                       |

SCHEDULE NO. A-14 CONTINUED

JACK AND PLUG INSTALLATIONS TO PERMIT USE  
OF PORTABLE TELEPHONES

ENTIRE TERRITORY

|                                | <u>Installation Charge</u> | <u>Rate per Yr.</u> |
|--------------------------------|----------------------------|---------------------|
| Two Jacks or less - - - - -    | \$5.00                     | \$1.50              |
| Three Jacks - - - - -          | 6.00                       | 1.50                |
| Four Jacks - - - - -           | 7.00                       | 1.75                |
| Five Jacks - - - - -           | 8.00                       | 2.00                |
| Six Jacks - - - - -            | 9.00                       | 2.25                |
| Seven Jacks - - - - -          | 10.00                      | 2.50                |
| Eight Jacks - - - - -          | 12.00                      | 2.75                |
| Nine Jacks - - - - -           | 15.00                      | 3.00                |
| Ten Jacks - - - - -            | 18.00                      | 3.25                |
| Each additional Jack - - - - - | 3.00                       | .25                 |

(a) Station wiring is terminated on mounted spring jacks at the above rates. One to four jacks will be installed on one line, usually confined to the same room, but jacks will be installed in adjoining rooms on the subscriber's premises to meet special conditions.

(b) One wall telephone or portable telephone with cord and plug is allowed for each station line terminated on jacks at the primary station rate. Additional portable sets, with cords and plugs, will be provided at the extension station rate.

CONDITIONS:

The equipment covered by the above rates is owned and maintained by the Company.

SCHEDULE NO. A-15

SUPPLEMENTAL MECHANICAL EQUIPMENT

ENTIRE TERRITORY

Installation of manual private branch exchange service may be supplemented by certain mechanical features, including central switching apparatus and station dials. Such stations as are equipped with dials may obtain connection with any station similarly equipped, and with any other stations or lines which are connected to the mechanical apparatus without the assistance of the private branch exchange attendant, calls which cannot be completed mechanically being handled by the attendant. Each station connected to such a system must have a terminal at the manual switchboard.

The standard rates for manually operated private branch exchange systems are applicable in addition to the rates for the supplemental mechanical equipment.

RATE:

| <u>Supplemental Mechanical Equipment</u>  | <u>Rate per Month</u> |
|---|-----------------------|
| (a) Each Connector  | \$2.50                |
| (b) Each Selector   | 2.00                  |
| (c) Each Dial Trunk between mechanical equipment and switchboard  | .75                   |
| (d) Battery and Power Supply - each station, each connector, each selector, each dial trunk between equipment and switchboard | .15                   |
| (e) Mechanical Equipment of tie lines to other Private Branch Exchange switchboards --  |                       |
| If equipment is arranged to select a mechanical station, but not to be selected by that station                               | 2.00                  |
| If equipment is arranged to be selected by a mechanical station but not to select that station                                | 2.00                  |

SCHEDULE NO. 1-15 CONTINUED

ENTIRE TERRITORY

RATE. (Cont'd)

Rate per  
Month

If equipment is arranged to select  
and to be selected by a mechanical  
station

\$ 4.00

Monthly Minimum Charge

35.00

CONDITIONS.

(1) The supplemental equipment to provide the mechanical features of the system will be furnished, subject to the following regulations:

An initial payment, payable upon request, prior to installation, equal to 50 per cent of the cost of equipment and installation will be required. If such equipment is retained by the subscriber in conjunction with exchange service throughout the following respective periods, the Company will repay to the subscriber on the expiration of the first, the second, the third, the fourth and the fifth full year following the installation of the equipment, one-fifth of the above initial payment with interest thereon and on the balance at the rate of 6 per cent per annum, provided that upon discontinuance of such equipment after the expiration of the first full year following its installation, and prior to the expiration of either the second, the third, the fourth or the fifth full year following such installation, the Company will make a pro rata repayment to the subscriber on account of such expired fractional period, no payment whatsoever being made, however, unless and until the subscriber has paid any and all sums whatsoever due and payable to the Company.

(2) The above minimum charge applies to the sum of the charges of rates (a) to (e), inclusive.

SCHEDULE NO. 4-16

VACATION RATE

ENTIRE TERRITORY

Subscribers to residence service, while temporarily absent from their residences, will be granted a discount of fifty per cent (50%) on the regular rate (including mileage) for their primary telephones and extensions, providing the following conditions are complied with:

(a) That at the time the discount is applied for, the subscriber shall be receiving unlimited service at the regular rate.

(b) That the subscriber shall have had residence service continuously for a period of not less than one year, and that his account is paid in full to date of application for discount.

(c) That the exchange service charge, at the vacation rate, for the entire period of suspension is paid at the time the application for the vacation rate service is accepted by the Company.

(d) Service at the vacation rate may begin on any day of the month, providing notice is given in advance, and may be granted for any period of not less than one month and not more than four months.

(e) Subscribers shall be allowed but one suspension of service at the vacation rate in each calendar year.

(f) The service furnished during the period of suspension will consist of outgoing service only. Persons calling for the telephone number in question will be advised by the operator that the telephone has been "Temporarily Disconnected."

(g) Complete service will be restored without notice from the subscriber not later than 5 P.M. on the last day of the period of suspension. Should the subscriber desire incoming service restored in advance of that date, notification should be given to the Company in advance of the desired date.

(h) In the event of advance restoration of service, the subscriber will be billed at the regular rate from and including the date following that on which the service was restored, and the payment previously made for such period at the vacation rate will be credited to the subscriber as a payment on account.



SCHEDULE NO. A-17

FOREIGN EXCHANGE SERVICE:

LOS ANGELES

SERVICE:

Applicable to Montebello or Culver City Exchange Service furnished in the Los Angeles Exchange Area.

RATE:

|  | <u>Montebello Exchange Service<br/>Furnished in Los Angeles Exchange Area</u> | <u>Culver City Exchange Service<br/>Furnished in Los Angeles Exchange Area</u> |
|--|---|--|
| <b>(1) <u>Individual Line Service:</u></b>   |   |  |
| <b>(a) <u>Station Rate:</u></b>  |   |  |
| Each Primary Station per month   |   |  |
| Wall Set   | \$ 7.00   | \$ 5.25  |
| Desk Set   | 7.25  | 5.50   |
| <b>(b) <u>Mileage Rate:</u></b>  |   |  |
| Each Primary Station per month:  | \$ 3.00 per each one-half mile or fraction thereof                            | \$ 3.00 per each one-half mile or fraction thereof                             |
| <b>(c) <u>Extension Station Rate:</u> Local Rate                      Local Rate</b> |   |  |
| <b>(2) <u>Commercial Private Branch Exchange Service:</u></b>                        |   |  |
| <b>(a) <u>Switchboard Rate:</u></b>  | Local Rate  | Local Rate   |
| <b>(b) <u>Station Rate:</u></b>  | Local Rate  | Local Rate   |
| <b>(c) <u>Trunk Rate:</u></b>  |   |  |
| Local Trunks   | Local Rate  | Local Rate   |
| Each Foreign Exchange Trunk, per month   | \$ 8.50   | \$ 7.50  |
| <b>(d) <u>Mileage Rate:</u></b>  |   |  |
| Each Private Branch Exchange Trunk Line, per month                                   | \$ 3.00 per each one-half mile or fraction thereof.                           | \$ 3.00 per each one-half mile or fraction thereof.                            |

CONDITIONS:

(1) The above mileage rate, applying to Montebello Exchange Service furnished within the Los Angeles Exchange Area, is based on the air line distance measured between the subscriber's primary station or private branch exchange switchboard and the nearest point on the westerly boundary of the Montebello Exchange Area.

(2) The above mileage rate, applying to Culver City Exchange Service furnished within the Los Angeles Exchange Area, is based on the air line distance measured between the subscriber's primary station or private branch exchange switchboard and the nearest point on the easterly boundary of the Culver City Exchange Area.

(3) Foreign exchange service will be furnished subject to the same conditions as to the use of the service by others than the subscriber and his representatives which are applicable in connection with other classes of subscriber's telephone service. Joint user service will not be permitted.

(4) The phrase "local rate" as herein used refers to the rate applying in the exchange within which that particular primary station or private branch exchange switchboard is located.

(5) Subscribers to foreign exchange service are required to take service of the exchange from which local service normally would be rendered on the premises on which foreign exchange service is furnished.

(6) The scope of local service for, and the toll rates to and from, individual line stations or private branch exchange systems connected for foreign exchange service will be in accordance with the tariff provisions of the foreign exchange for the particular class of service furnished.

SCHEDULE NO. A-1

BUSINESS SERVICE - INDIVIDUAL AND PARTY LINE

MONTEBELLO

SERVICE:

Applicable to Business Individual and Party Line flat rate and Individual coin box service furnished within the Primary Rate Area of the Montebello Exchange.

RATE:

(1) Business Flat Rate Service.

|                              | <u>Rate Per Month</u> |                 |
|------------------------------|-----------------------|-----------------|
|                              | <u>WALL SET</u>       | <u>DESK SET</u> |
| Each Individual Line Station | \$3.00                | \$3.25          |
| Each Two-Party Line Station  | 2.25                  | 2.50            |
| Each Extension Station       | 1.00                  | 1.25            |

(2) Business Coin Box Service.

Individual Line Wall Set

First two messages, or less, per day 10 cents

All over two messages, per day, 5 cents per message

Individual Line Desk Set

The above Wall Set rate, plus 25 cents per month.

Extension Stations

Each Wall Set \$1.00 per month

Each Desk Set \$1.25 per month

CONDITIONS:

(1) Extension stations at the above rates are installed on the premises on which the primary station is located. The above rates plus mileage rates are applicable to outside extension stations.

(2) The individual line and party-line services will be provided outside the primary rate area and within the exchange area at the above rates plus mileage rates.

SCHEDULE NO. A-2

RESIDENCE SERVICE - INDIVIDUAL AND PARTY LINE

MONTEBELLO

SERVICE:

Applicable to Individual and Party Line Residence flat rate service furnished within the Primary Rate Area of the Montebello Exchange.

RATE:

|                              | <u>Rate per Month</u> |                 |
|------------------------------|-----------------------|-----------------|
|                              | <u>Wall Set</u>       | <u>Desk Set</u> |
| Each Individual Line Station | \$2.50                | \$2.75          |
| Each Two-Party Line Station  | 2.00                  | 2.25            |
| Each Four-Party Line Station | 1.75                  | 2.00            |
| Each Extension Station       | .75                   | 1.00            |

CONDITIONS:

(1) The individual line and party-line services will be provided outside the primary rate area and within the exchange area at the above rates plus mileage rates.

SCHEDULE NO. A-4

SUBURBAN SERVICE:

MONTEBELLO

SERVICE:

Applicable to suburban party line flat rate service furnished in the Suburban Area of the Montebello Exchange.

RATE:

|                   | <u>Rate Per Month Per Station</u> |                 |
|-------------------|-----------------------------------|-----------------|
|                   | <u>Wall Set</u>                   | <u>Desk Set</u> |
| Business Service  | \$3.50                            | \$3.75          |
| Residence Service | 3.00                              | 3.25            |

CONDITIONS:

Suburban service is furnished outside the Primary Rate Area but within the Exchange Area. In no case will the total number of stations connected to one circuit exceed ten (10) stations.

SCHEDULE NO. A-5

COMMERCIAL PRIVATE BRANCH EXCHANGE SERVICE

MONTEBELLO

SERVICE:

Applicable to Commercial Private Branch Exchange flat rate service furnished within the Primary Rate Area of the Montebello Exchange.

RATE:

|  | <u>Rate Per Month</u> |
|--|-----------------------|
| (a) <u>Switchboard Rate</u>  |                       |
| Each switchboard position with battery and ringing power supply circuits and switchboard telephone:          |                       |
| <u>Cordless Type Switchboard</u>   | \$5.00                |
| <u>Cord Type Switchboard</u>   |                       |
| Non-Multiple   |                       |
| 30 lines or less   | 7.50                  |
| 31 to 80 lines   | 12.00                 |
| Over 80 lines  | 15.00                 |
| Multiple   | 18.00                 |
| Multiple station and trunk jacks in excess of one jack per line, per strip of 10 jacks or portion installed. | .20                   |
| (b) <u>Trunk Rate</u>  |                       |
| Each Trunk Line  | 4.50                  |
| (c) <u>Station Rate</u>  |                       |
| Each Wall Set  | 1.00                  |
| Each Desk Set  | 1.25                  |

CONDITIONS:

(1) Each private branch exchange system will consist of at least one switchboard position, two trunk lines and four

SCHEDULE NO. A-5 (CONTINUED)MONTEBELLO

stations, excluding switchboard telephone.

(2) Cordless switchboards, with a maximum capacity for three trunk lines and seven stations, are provided with a standard desk station. Cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. Upon request of the subscriber, an operator's set, consisting of a single head receiver and chest type transmitter, for each position, will be provided, in lieu of the standard, for switchboards of two or three positions without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

(3) The above rates are applicable to all private branch exchange service, except Hotel Service, which is provided in hotels, rooming and apartment houses, or to such portion of buildings in which rooms are let to the public for living quarters.

(4) Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations and to service provided outside the primary rate area and within the exchange area.



SCHEDULE NO. A-6

HOTEL PRIVATE BRANCH EXCHANGE SERVICE

MONTEBELLO.

SERVICE:

Applicable to Hotel Private Branch Exchange measured service rendered within the Primary Rate Area of the Montebello Exchange.

RATE:

(a) Switchboard Rate:

Rate per Month.

Each switchboard position with battery and ringing power supply circuits and switchboard telephone,

Cord Type Switchboard

Non-Multiple

30 lines or less

\$7.50

31 to 80 lines

12.00

Over 80 lines

15.00

Multiple

18.00

Multiple station and trunk jacks in excess of one jack per line, per strip of 10 jacks or portion installed,

.20

(b) Message Rate:

Each Exchange Message, 5¢

(c) Station Rate:

Rate per Month.

Wall Set

Desk Set.

Each Station in guest room

\$ .50

\$ .75

Each Station not in guest room

.75

1.00

CONDITIONS:

(1) Each private branch exchange system will consist of at least one switchboard position, two trunk lines and ten stations, excluding switchboard telephone.

(2) One or two position cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. Upon request of the subscriber, an operating set, consisting of a single head receiver and chest type transmitter for each position, will be provided, in lieu of the standard, for switchboards of two or three positions without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

(3) The above rates are applicable to private branch exchange service furnished to hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters. Clubs letting rooms to members or guests of members, only, are not considered as being subscribers entitled to hotel service.

(4) Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations and to service provided outside the primary rate areas and within the exchange area.

(5) Trunks sufficient to meet the traffic demands will be furnished by the Company without charge to the subscriber.

SCHEDULE NO. A-7

BUSINESS SERVICE-INTERCOMMUNICATING SYSTEMS

MONTEBELLO

SERVICE:

Applicable to Business Intercommunicating flat rate service furnished within the Primary Rate Area of the Montebello Exchange.

RATE:

(a) Station Rate.

Rate per Month  
Wall Set      Desk Set

Each station, including receiving station, with switching device, on premises on which receiving station is located:

|                          |        |        |
|--------------------------|--------|--------|
| 10 Line switching device | \$2.00 | \$2.25 |
| 20   "       "       "   | 2.25   | 2.50   |
| 30   "       "       "   | 2.50   | 2.75   |

Each station, with switching device, off premises on which receiving station is located but not exceeding 300 feet from receiving station:

|                          |        |        |
|--------------------------|--------|--------|
| 10 Line switching device | \$3.00 | \$3.25 |
| 20   "       "       "   | 3.25   | 3.50   |
| 30   "       "       "   | 3.50   | 3.75   |

Rate per month

(b) Trunk Rate

Each Trunk Line \$4.50

CONDITIONS:

(1) Each intercommunicating system will consist of at least two trunk lines and four stations, including receiving station.

(2) The above rates plus mileage rates are applicable to service furnished to stations outside the primary rate area and within the exchange area.



SCHEDULE NO. A-12

JOINT USER SERVICE

MONTEBELLO

SERVICE:

Applicable to Joint User Service furnished within the Montebello Exchange Area.

RATE:

| <u>Each Joint User Service in Connection With</u> | <u>Rate Per Month.</u> |
|---|------------------------|
| Individual Business Flat Rate Service             | \$1.50                 |
| Individual Business Coin Box Service              | .25                    |

CONDITIONS:

(1) The applicability of joint user service is determined by the obvious or actual use made of the service.

(2) The rate for joint user service includes a listing in the telephone directory and applies in addition to the rates and charges for the facilities and all other service provided.

Joint user service is furnished upon application of the subscriber as follows:

(a) Applications for the use of the subscriber's service by any individual, firm, company or association occupying jointly or in part the premises in which the primary station is located. The subscriber's facilities or service are not to be extended outside the premises to provide joint user service.

(b) Applications for the use of the subscriber's service for another business conducted by the subscriber and differing in character and subject to a different classification from that for which the facilities are provided.

(3) In the case of individuals, firms, companies and associations engaged in the same business or profession, utilizing a common reception room with offices opening thereon or adjoining thereto, one of the number may become the subscriber and the re-

mainder joint users. If the individuals or members of a firm, company or association file a joint income tax return, that will be accepted as sufficient evidence of a single business and joint user service is not applicable. Whenever any individual member of a firm, company or association does not substantially participate in the earnings of his fellow members of such firm, company or association, then that fact shall be conclusive evidence that he is a joint user and the joint user rate is applicable.

(4) The minimum charge for joint user service shall be the monthly rate, provided that if the service is listed in the telephone directory it shall be paid for until the end of the directory period unless the subscriber's service is discontinued.

SCHEDULE NO. A - 17

FOREIGN EXCHANGE SERVICE

MONTEBELLO

SERVICE

Applicable to Los Angeles Exchange Service furnished in the Montebello Exchange Area.

RATE

(1) Individual Line Service

Rate

(a) Message Rate

First 200 Los Angeles messages  
or less, per month:

Wall set

\$14.50

Desk set

14.75

Each additional Los Angeles message

4¢

(b) Mileage Rate

Each individual line

Primary Station, per month

\$ 3.00 per  
each one-half mile  
or fraction thereof

(c) Extension Station Rate

Local Rate

(2) Commercial Private Branch Exchange Service

(a) Switchboard Rate

Local Rate

(b) Station Rate

Local Rate

(c) Trunk Rate

Local Rate

Local Trunks

Foreign Exchange Trunks

First trunk including

300 Los Angeles messages, per month

\$19.00

Each additional trunk without

messages, per month

~~7.00~~

Each additional Los Angeles message

4¢

(d) Mileage Rate

Each Private Branch Exchange  
Trunk Line, per month.

\$ 3.00 per  
each one-half mile  
or fraction thereof

CONDITIONS

(1) The above mileage rate is based on the air line distance measured between the subscriber's primary station or private branch exchange switchboard and the nearest point on the westerly boundary of the Montebello Exchange Area.

(2) Foreign Exchange service will be furnished subject to the same conditions as to the use of the service by others than the

subscriber and his representatives, which are applicable in connection with other classes of subscriber's telephone service. Joint user service will not be permitted.

(3) The phrase "local rate" as herein used refers to the rate applying in the exchange within which that particular primary station or private branch exchange switchboard is located.

(4) Subscribers to foreign exchange service are required to take service of the exchange from which local service normally would be rendered on the premises on which foreign exchange service is furnished.

(5) The scope of local service for, and the toll rates to and from, individual line stations or private branch exchange systems connected for foreign exchange service will be in accordance with the tariff provisions of the foreign exchange for the particular class of service furnished.



SCHEDULE NO. A - 1

BUSINESS SERVICE - INDIVIDUAL AND PARTY LINE

CULVER CITY

SERVICE:

Applicable to business individual and party line flat rate and individual line coin box service furnished within the Primary Rate Area of the Culver City Exchange.

RATE:

(1) Business Flat Rate Service:

|                              | <u>Rate Per Month</u> |                 |
|------------------------------|-----------------------|-----------------|
|                              | <u>Wall Set</u>       | <u>Desk Set</u> |
| Each Individual Line Station | \$3.75                | \$4.00          |
| Each Two-Party Line Station  | 3.00                  | 3.25            |
| Each Extension Station       | 1.00                  | 1.25            |

(2) Business Coin Box Service:

Individual Line Wall Set

First two messages, or less,  
per day \$ .10

All over two messages, per  
day 5¢ per message

Individual Line Desk Set

The above Wall Set rate plus 25¢ per month.

Extension Stations

Each Wall Set \$1.00 per month  
Each Desk Set \$1.25 per month

CONDITIONS:

(1) Extension stations at the above rates are installed on the premises on which the primary station is located. The above rates plus mileage rates are applicable to outside extension stations.

(2) The individual line and party-line services will be provided outside the primary rate area and within the exchange area at the above rates plus mileage rates.

SCHEDULE NO. A-2

RESIDENCE SERVICE - INDIVIDUAL AND PARTY LINE

CULVER CITY

SERVICE:

Applicable to individual and party line residence flat rate service furnished within the Primary Rate Area of the Culver City Exchange.

RATE:

|                              | <u>Rate per Month</u> |                 |
|------------------------------|-----------------------|-----------------|
|                              | <u>Wall set</u>       | <u>Desk Set</u> |
| Each Individual Line Station | \$2.75                | \$3.00          |
| Each Two-Party Line Station  | 2.25                  | 2.50            |
| Each Four-Party Line Station | 2.00                  | 2.25            |
| Each Extension Station       | .75                   | 1.00            |

CONDITIONS:

(1) The individual line and party-line services will be provided outside the primary rate area and within the exchange area at the above rates plus mileage rates.

SCHEDULE NO. A-4

SUBURBAN SERVICE

CULVER CITY

SERVICE:

Applicable to Suburban party line flat rate service in the Suburban Area of the Culver City Exchange.

RATE:

|                   | <u>Rate Per Month Per Station</u> |                 |
|-------------------|-----------------------------------|-----------------|
|                   | <u>Wall Set</u>                   | <u>Desk Set</u> |
| Business Service  | \$3.50                            | \$3.75          |
| Residence Service | 3.00                              | 3.25            |

CONDITIONS:

Suburban service is furnished outside the Primary Rate Area but within the Exchange Area. In no case will the total number of stations connected to one circuit exceed ten (10) stations.

COMMERCIAL PRIVATE BRANCH EXCHANGE SERVICE

CULVER CITY

SERVICE:

Applicable to Commercial Private Branch Exchange flat rate service furnished within the Primary Rate Area of the Culver City Exchange.

RATE:

Rate Per Month

(a) Switchboard Rate.

Each switchboard position with battery and ringing power supply circuits and switchboard telephone including dial in connection with trunk lines to a machine switching central office:

Cordless Type Switchboard \$5.00

Cord Type Switchboard

Non-Multiple

30 lines or less 7.50

31 to 80 lines 12.00

Over 80 lines 15.00

Multiple

18.00

Multiple station and trunk jacks in excess of one jack per line, per strip of 10 jacks or portion installed

.20

(b) Trunk Rate

Each Trunk Line 6.00

Without  
dial

With  
dial (\*)

(c) Station Rate

|               |        |        |
|---------------|--------|--------|
| Each Wall Set | \$1.00 | \$1.25 |
| Each Desk Set | 1.25   | 1.50   |

(\*) Dial stations not to exceed one for each trunk line to a machine switching central office will be provided at the rate for non-dial stations.

CONDITIONS:

1. Each private branch exchange system will consist of at least one switchboard position, two trunk lines and four stations, excluding switchboard telephone.

SCHEDULE NO. A - 5 (Cont'd.)

CULVER CITY.

2. Cordless switchboards, with a maximum capacity for three trunk lines and seven stations, are provided with a standard desk station. Cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. Upon request of the subscriber, an operator's set, consisting of a single head receiver and chest type transmitter, for each position, will be provided, in lieu of the standard, for switchboards of two or three positions without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

3. The above rates are applicable to all private branch exchange service, except Hotel Service, which is provided in hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters.

4. Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations and to service provided outside the primary rate area and within the exchange area.

SCHEDULE NO. A - 6

HOTEL PRIVATE BRANCH EXCHANGE SERVICE

CULVER CITY

SERVICE:

Applicable to Hotel Private Branch Exchange measured service rendered within the Primary Rate Area of the Culver City Exchange.

RATE:

(a) Switchboard Rate

Rate per Month

Each switchboard position with battery and ringing power supply circuits and switchboard telephone, including dial in connection with trunk lines to a machine switching central office:

Cord Type Switchboard

Non-Multiple

|                  |        |
|------------------|--------|
| 30 lines or less | \$7.50 |
| 31 to 80 lines   | 12.00  |
| Over 80 lines    | 15.00  |

Multiple

18.00

Multiple stations and trunk jacks in excess of one jack per line, per strip of 10 jacks or portion installed

.20

(b) Message Rate

Each Exchange Message - 5¢

(c) Station Rate

Without Dial    With Dial(\*)

|                             |        |        |
|-----------------------------|--------|--------|
| Each Wall Set in guest room | \$ .75 | \$1.00 |
| Each Wall Set not in " "    | 1.00   | 1.25   |
| Each Desk Set in guest room | 1.00   | 1.25   |
| Each Desk Set not in " "    | 1.25   | 1.50   |

(\*) Dial stations not to exceed one for each trunk line to a machine switching central office will be provided at the rate for non-dial stations.

CONDITIONS:

(1) Each private branch exchange system will consist of at least one switchboard position, two trunk lines and ten stations, excluding switchboard telephone.

(2) Cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. Upon request of the subscriber, an operator's set, consisting of a single head receiver and chest type transmitter for each position will be provided, in lieu of the standard, for switchboards of two or three positions, without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

(3) The above rates are applicable to private branch exchange service furnished to hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters. Clubs letting rooms to members or guests of members only are not considered as being subscribers entitled to hotel service.

(4) Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations and to service provided outside the primary rate area and within the exchange area.

(5) Trunks sufficient to meet the traffic demand will be furnished by the Company without charge to the subscriber.



SCHEDULE NO. A - 7

BUSINESS SERVICE - INTERCOMMUNICATING SYSTEM

CULVER CITY

SERVICE:

Applicable to business intercommunicating flat rate service furnished within the Primary Rate Area of the Culver City Exchange.

RATE:

(a) Station Rate

Rate per Month

Wall Set      Desk Set

Each station including receiving station, with or without dial, with switching device, on premises on which receiving station is located:

|                          |        |        |
|--------------------------|--------|--------|
| 10 Line switching device | \$2.00 | \$2.25 |
| 20 " " "                 | 2.25   | 2.50   |
| 30 " " "                 | 2.50   | 2.75   |

Each station, with or without dial, with switching device, off premises on which receiving station is located but not exceeding 300 feet from receiving station:

|                          |        |        |
|--------------------------|--------|--------|
| 10 Line switching device | \$3.00 | \$3.25 |
| 20 " " "                 | 3.25   | 3.50   |
| 30 " " "                 | 3.50   | 3.75   |

(b) Trunk Rate

Rate per Month

Each Trunk Line      \$6.00

CONDITIONS:

(1) Each intercommunicating system will consist of at least two trunk lines and four stations, including receiving station.

(2) The above rates plus mileage rates are applicable to service furnished to stations outside the primary rate area and within the exchange area.

SCHEDULE NO. 4-8

RESIDENCE SERVICE - INTERCOMMUNICATING SYSTEMS

CULVER CITY

SERVICE:

Applicable to residence intercommunicating flat rate service furnished within the Primary Rate Area of the Culver City Exchange.

RATE:

(a) Station Rate

Rate per Month

Wall Set      Desk Set

Each Station, including receiving station, with or without dial, with switching device, on premises on which receiving station is located:

|                            |        |        |
|----------------------------|--------|--------|
| 12 Button switching device | \$2.00 | \$2.25 |
| 24   "       "       "     | 2.25   | 2.50   |
| 36   "       "       "     | 2.50   | 2.75   |

Each station, with or without dial, with switching device, off premises on which receiving station is located but not exceeding 300 feet from receiving stations:

|                            |        |        |
|----------------------------|--------|--------|
| 12 Button switching device | \$3.00 | \$3.25 |
| 24   "       "       "     | 3.25   | 3.50   |
| 36   "       "       "     | 3.50   | 3.75   |

(b) Trunk Rate

Rate per Month

Each Trunk Line \$4.00

CONDITIONS:

(1) Each intercommunicating system will consist of at least one trunk line and three stations including receiving station.

(2) The above rates plus mileage rates are applicable to service provided outside the primary rate area and within the exchange area.

SCHEDULE NO. A-12

JOINT USER SERVICE:

CULVER CITY

SERVICE:

Applicable to Joint User Service furnished within the Culver City Exchange Area.

RATE:

| <u>Each Joint User Service in Connection with</u> | <u>Rate per Month</u> |
|---|-----------------------|
| Individual Business Flat Rate Service             | \$1.50                |
| Individual Business Coin Box Service              | .25                   |

CONDITIONS:

(1) The applicability of joint user service is determined by the obvious or actual use made of the service.

(2) The rate for joint user service includes a listing in the telephone directory and applies in addition to the rates and charges for the facilities and all other service provided. The rate for joint user service is applicable and is furnished upon applications made by the subscriber as follows:

(a) Applications for the use of the subscriber's service by any individual, firm, company or association occupying jointly or in part the premises in which the primary station is located. The subscriber's facilities or service are not to be extended outside the premises to provide joint user service.

(b) Applications for the use of the subscriber's service for another business conducted by the subscriber and differing in character and subject to a different classification from that for which the facilities are provided.

(3) In the case of individuals, firms, companies and associations engaged in the same business or profession, utilizing a common reception room with offices opening thereon or adjoining thereto, one of the number may become the subscriber and the remainder joint users. If the individuals or members of a firm, company or association file a joint income tax return that will be accepted as sufficient evidence of a single business and joint user service is not applicable. Whenever any individual member of a firm, company or association does not substantially participate in the earnings of his fellow members of such firm, company or association, then that fact shall be conclusive evidence that he is a joint user and the joint user rate is applicable.

(4) The minimum charge for joint user service shall be the monthly rate, provided that if the service is listed in the telephone directory, it shall be paid for until the end of the directory period unless the subscriber's service is discontinued.

SCHEDULE NO. A-17

FOREIGN EXCHANGE SERVICE:

CULVER CITY

SERVICE:

Applicable to Los Angeles Exchange Service furnished in the Culver City Exchange Area.

RATE:

(1) Individual Line Service

|   | <u>Rate</u>   |
|---|---|
| (a) <u>Message Rate</u>                           |   |
| First 200 Los Angeles Messages or less per month: |   |
| Wall Set  | \$ 12.50  |
| Desk Set  | 12.75   |
| Each additional Los Angeles message,              | 4¢  |
| (b) <u>Mileage Rate</u>                           |   |
| Each Primary Station, per month,                  | \$ 3.00 per each one-half mile or fraction thereof. |
| (c) <u>Extension Station Rate</u>                 | Local Rate  |

(2) Commercial Private Branch Exchange Service

|   |   |
|---|---|
| (a) <u>Switchboard Rate</u>                               | Local Rate  |
| (b) <u>Station Rate</u>                                   | Local Rate  |
| (c) <u>Trunk Rate</u>                                     |   |
| Local Trunks  | Local Rate  |
| Foreign Exchange Trunks                                   |   |
| First trunk including 300 Los Angeles messages per month, | \$ 17.00  |
| Each additional trunk, without messages, per month,       | \$ 5.00   |
| Each additional Los Angeles message                       | 4¢  |
| (d) <u>Mileage Rate</u>                                   |   |
| Each Private Branch Exchange Trunk line per month,        | \$ 3.00 per each one-half mile or fraction thereof. |

SCHEDULE NO. A-17 (cont.)

CULVER CITY

CONDITIONS.

(1) The above mileage rate is based on the air line distance measured between the subscriber's primary station or private branch exchange switchboard and the nearest point on the easterly boundary of the Culver City Exchange Area.

(2) Foreign exchange service will be furnished subject to the same conditions as to the use of the service by others than the subscriber and his representatives which are applicable in connection with other classes of subscriber's telephone service. Joint user service will not be permitted.

(3) The phrase "local rate" as herein used refers to the rate applying in the exchange within which that particular primary station or private branch exchange switchboard is located.

(4) Subscribers to foreign exchange service are required to take service of the exchange from which local service normally would be rendered on the premises on which foreign exchange service is furnished.

(5) The scope of local service for, and the toll rates to and from, individual line stations or private branch exchange systems connected for foreign exchange service will be in accordance with the tariff provisions of the foreign exchange for the particular class of service furnished.

SCHEDULE NO. 1-1

BUSINESS SERVICE - INDIVIDUAL LINE AND TWO-PARTY LINE SOUTH PASADENA SERVICE:

Applicable to business individual and two-party line flat rate service, individual line measured service and individual line coin box service furnished within the South Pasadena Rate Area.

RATE:

A.- INDIVIDUAL LINE.

1. Business Flat Rate Service

|                              | <u>Rate per Month</u> |                 |
|------------------------------|-----------------------|-----------------|
|                              | <u>Wall Set</u>       | <u>Desk Set</u> |
| Each Individual Line Station | \$14.00               | \$14.25         |
| Each Auxiliary Line Station  | 14.00                 | 14.25           |
| Each Extension Station       | 1.25                  | 1.50            |

2. Business Measured Service

|   | <u>Rate per Month</u> |                     |
|---|-----------------------|---------------------|
|   | <u>Wall Set</u>       | <u>Desk Set</u>     |
| <u>Each Individual Line Station</u>                 |                       |                     |
| First 75 messages or less,<br>per month             | \$7.00                | \$7.25              |
| Next 100 messages per month,<br>5¢ per mes-<br>sage |                       | 5¢ per mes-<br>sage |
| All over 175 messages, per<br>month                 | 4¢ per mes-<br>sage   | 4¢ per mes-<br>sage |
| <u>Each Extension Station</u>                       | \$1.00 per<br>month   | \$1.25 per<br>month |

3. Business Coin Box Service

Individual Line Wall Set

First four messages, or less,  
per day .25

All over four messages per day 5¢ per message.

Individual Line Desk Set

The above Wall Set Rate, plus 25¢ per month.

Extension Stations

|               |                  |
|---------------|------------------|
| Each Wall Set | \$1.00 per Month |
| Each Desk Set | 1.25 per Month   |

B.- Two-party Line

Two-party business service will not be available to new subscribers on and after February 1, 1925. Subscribers located within the South Pasadena Rate Area receiving two-party business flat-rate service as of January 31, 1925, may continue this same service until December 31, 1925, at a rate of \$10.75 per month for each wall set primary station and \$11.00 per month for each desk set primary station. The rate for extension stations is \$1.25 per month for each wall set and \$1.50 per month for each desk set.

CONDITIONS:

(1) Prior to January 1, 1926, the subscriber may elect, at his option, either Rate (1) or Rate (2). On and after January 1, 1926, flat rate service under Rate (1) will be discontinued.

(2) Extension stations at the above rates are installed on the premises on which the primary station is located. The above rates plus mileage rates are applicable to outside extension stations.



SCHEDULE NO. A-2

RESIDENCE SERVICE - INDIVIDUAL AND PARTY LINE

SOUTH PASADENA

SERVICE:

Applicable to individual and party line residence flat rate service furnished within the South Pasadena Rate Area.

RATE:

|                              | <u>Rate per Month</u> |                 |
|------------------------------|-----------------------|-----------------|
|                              | <u>Wall Set</u>       | <u>Desk Set</u> |
| Each Individual Line Station | \$6.25                | \$6.50          |
| Each Two-party Line Station  | 4.50                  | 4.75            |
| Each Four-party Line Station | 3.75                  | 4.00            |
| Each Extension Station       | 1.00                  | 1.25            |

SCHEDULE NO. A-5

COMMERCIAL PRIVATE BRANCH EXCHANGE SERVICE

SOUTH PASADENA

SERVICE:

Applicable to Commercial Private Branch Exchange flat rate and measured service furnished in the South Pasadena Rate Area.

RATE:

(1) Business Commercial Flat Rate Service

(a) Switchboard Rate

Rate Per Month

Each switchboard position with switchboard telephone including dial in connection with trunk lines to a machine switching central office.

Cordless Type Switchboard \$5.00

Cord Type Switchboard

Non-Multiple

50 lines or less 7.50

31 to 80 lines 12.00

Over 80 lines 15.00

Multiple 18.00

Multiple station and trunk jacks in excess of one jack per line per strip of 10 jacks or portion installed .20

(b) Power Supply Circuit Rate

Battery and Ringing Power Supply Circuits, per circuit 1.50

(c) Trunk Rate

Rate Per Month

Each Trunk Line \$19.50

SCHEDULE NO. A-5 (CONTINUED)

SOUTH PASADENA

(d) Station Rate

|               | <u>Without<br/>Dial</u> | <u>With<br/>Dial*</u> |
|---------------|-------------------------|-----------------------|
| Each Wall Set | \$1.25                  | \$1.50                |
| Each Desk Set | 1.50                    | 1.75                  |

\*Dial stations not to exceed one for each trunk line to a machine switching central office will be provided at the rate for non-dial stations.

(e) Auxiliary Equipment

|   | <u>Without<br/>Dial</u> | <u>With<br/>Dial</u> |
|---|-------------------------|----------------------|
| Each two positions Order Board with telephone set for each position | \$7.50                  |                      |
| Each Line from Order Board to Private Branch Exchange Switchboard   | 1.50                    |                      |

(2) Business Commercial Measured Service

(a) Switchboard Rate

Rate Per Month

Each switchboard position with switchboard telephone including dial in connection with trunk lines to a machine switching central office.

Cordless Type Switchboard \$5.00

SCHEDULE NO. A-5 (CONTINUED)

(SOUTH PASADENA)

Cord Type Switchboard:

Rate per  
Month

Non-Multiple

30 lines or less

\$7.50

31 to 60 lines

12.00

Over 60 lines

15.00

Multiple

18.00

Multiple station and trunk jacks  
in excess of one jack per line per  
strip of 10 jacks or portion in-  
stalled,

.20

(b) Power Supply Circuit Rate:

Battery and Ringing Power Supply  
Circuits, each circuit

1.50

(c) Trunk Rate:

First Two Trunk Lines

11.00

Each additional Trunk Line

4.50 per Trunk

(d) Message Rate:

Each Exchange Message

4¢

(e) Station Rate:

Rate per Month

Without  
Dial

With  
Dial\*

Each Wall Set

\$1.00

\$1.25

Each Desk Set

1.25

1.50

\*Dial stations not to exceed one for each trunk  
line to a machine switching central office will be  
provided at the rate for non-dial stations.

(f) Auxiliary Equipment:

Rate per Month

Each Two-position Order Board  
with telephone set for each position

\$7.50

Each line from Order Board to Private  
Branch Exchange switchboard

1.25

CONDITIONS:

(1) Prior to January 1, 1926, the subscriber may select at his option either Rate (1) or Rate (2). On and after January 1, 1926, flat rate service under Rate (1) will be discontinued.

(2) Each private branch exchange system will consist of at least one switchboard position, two trunk lines and four stations, excluding switchboard telephone.

(3) Cordless switchboards, with a maximum capacity for three trunk lines and seven stations, are provided with a standard desk station. Cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. Upon request of the subscriber, an operator's set, consisting of a single head receiver and chest type transmitter for each position, will be provided, in lieu of the standard, for switchboards of two or three positions without additional charge. Operator's chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

(4) The above rates are applicable to all private branch exchange service, except Hotel Service, which is provided in hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters.

(5) Stations provided at the above rates are installed on the premises on which the switchboard is located.

Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations.

(6) Order boards provided at the above rates are installed on the premises on which the switchboard is located, and will consist of at least one position and four lines to the Private Branch Exchange switchboard. Order boards will be installed off the premises at the above rates plus mileage rates, provided they are for the use of the subscriber and are within the standard transmission limits.

SCHEDULE NO. A-6

HOTEL PRIVATE BRANCH EXCHANGE SERVICE -

SOUTH PASADENA

SERVICE:

Applicable to Hotel Private Branch Exchange measured service rendered within the South Pasadena Rate Area.

MEASURED SERVICE RATE:

(a) Switchboard Rate Rate per Month

Each switchboard position with switchboard telephone, including dial in connection with trunk lines to a machine switching central office:

Cord Type Switchboard

Non-Multiple

|                      |        |
|----------------------|--------|
| 50 lines or less     | \$7.50 |
| 51 lines to 80 lines | 12.00  |
| Over 80 lines        | 15.00  |

Multiple

|  |     |
|--|-----|
| Multiple stations and trunk jacks in excess of one jack per line, per strip of 10 jacks or portion installed | .20 |
|--|-----|

(b) Power Supply Circuit Rate

|   |      |
|---|------|
| Battery and Ringing Power Supply Circuits, each circuit | 1.50 |
|---|------|

(c) Message Rate

Each Exchange Message 5¢

(d) Station Rate

|                                 | <u>Without Dial</u> | <u>With Dial(*)</u> |
|---------------------------------|---------------------|---------------------|
| Each Wall Set in guest room     | \$ .75              | \$1.00              |
| Each Wall Set not in guest room | 1.00                | 1.25                |
| Each Desk Set in guest room     | 1.00                | 1.25                |
| Each Desk Set not in guest room | 1.25                | 1.50                |

(\*) Dial stations not to exceed one for each trunk line to a machine switching central office will be provided at the rate for non-dial stations.

257

CONDITIONS: (1) Each private branch exchange system will consist of at least one switchboard position, two trunk lines and ten stations, excluding switchboard telephone.

(2) Cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. Upon request of the subscriber, an operator's set, consisting of a single head receiver and chest type transmitter for each position, will be provided, in lieu of the standard, for switchboards of two or three positions without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

(3) The above rates are applicable to private branch exchange service furnished to hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters. Clubs letting rooms to members or guests of members only are not considered as being subscribers entitled to hotel service.

(4) Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations.

(5) Trunks sufficient to meet the traffic demand will be furnished by the Company without charge to the subscriber.



SCHEDULE NO. A-7

BUSINESS SERVICE - INTERCOMMUNICATING SYSTEMS - SOUTH PASADENA

SERVICE:

Applicable to business intercommunicating flat rate service furnished within the South Pasadena Rate Area.

RATE:

(1) Business Flat Rate Service:

(a) Station Rate:

|  | <u>Rate Per Month</u> |                 |
|--|-----------------------|-----------------|
|  | <u>Wall Set</u>       | <u>Desk Set</u> |

Each station, including receiving station, with or without dial, with switching device, on premises on which receiving station is located:

|                          |        |        |
|--------------------------|--------|--------|
| 10 line switching device | \$2.00 | \$2.25 |
| 20 " " "                 | 2.25   | 2.50   |
| 30 " " "                 | 2.50   | 2.75   |

Each station, with or without dial, with switching device, off premises on which receiving station is located, but not exceeding 300 ft. from receiving station:

|                          |      |      |
|--------------------------|------|------|
| 10 line switching device | 3.00 | 3.25 |
| 20 " " "                 | 3.25 | 3.50 |
| 30 " " "                 | 3.50 | 3.75 |

(b) Trunk Rate:

Rate Per Month

Each Trunk Line \$19.50

(c) Power Supply Circuit Rate:

Battery and Ringing Power Supply Circuits, each circuit 1.50

(2) Business Measured Service:

(a) Station Rate:

|  | <u>Rate per Month</u> |                 |
|--|-----------------------|-----------------|
|  | <u>Wall Set</u>       | <u>Desk Set</u> |

Each station, including receiving station, with or without dial, with switching device, on premises on which receiving station is located:

SCHEDULE NO. A-7 (Continued)

(SOUTH PASADENA)

Station Rate: (Cont'd)

|                          | <u>Rate Per Month</u> |                 |
|--------------------------|-----------------------|-----------------|
|                          | <u>Wall Set</u>       | <u>Desk Set</u> |
| 10 line switching device | \$1.50                | \$1.75          |
| 20 " " "                 | 1.75                  | 2.00            |
| 30 " " "                 | 2.00                  | 2.25            |

Each station, with or without dial, with switching device, off premises on which receiving station is located, but not exceeding 500 ft. from receiving station:

|                          |        |        |
|--------------------------|--------|--------|
| 10 line switching device | \$2.50 | \$2.75 |
| 20 " " "                 | 2.75   | 3.00   |
| 30 " " "                 | 3.00   | 3.25   |

(b) Trunk Rate:

|                        | <u>Rate Per Month</u> |
|------------------------|-----------------------|
| First Two Trunk Lines  | \$11.00               |
| Additional Trunk Lines | 4.50                  |

(c) Message Rate:

Each Exchange Message - 4¢.

(d) Power Supply Circuit Rate:

|   |      |
|---|------|
| Battery and Ringing Power Supply Circuits, each circuit | 1.50 |
|---|------|

CONDITIONS:

Each intercommunicating system will consist of at least two trunk lines and four stations, including receiving station.

SCHEDULE NO. A-8

RESIDENCE SERVICE - INTERCOMMUNICATING SYSTEMS - SOUTH PASADENA

SERVICE:

Applicable to residence intercommunicating flat rate service furnished within the South Pasadena Rate Area.

RATE:

(a) Station Rate

Rate per Month  
Wall Set      Desk Set

Each station, including receiving station, with or without dial, with switching device, on premises on which receiving station is located:

|                            |        |        |
|----------------------------|--------|--------|
| 12 button switching device | \$2.00 | \$2.25 |
| 24 " " "                   | 2.25   | 2.50   |
| 36 " " "                   | 2.50   | 2.75   |

Each station, with or without dial, with switching device, off premises on which receiving station is located but not exceeding 300 feet from receiving station:

|                            |        |        |
|----------------------------|--------|--------|
| 12 button switching device | \$3.00 | \$3.25 |
| 24 " " "                   | 3.25   | 3.50   |
| 36 " " "                   | 3.50   | 3.75   |

(b) Trunk Rate

Rate per Month

Each Trunk Line      \$9.50

(c) Power Supply Circuit Rate

Battery and Ringing Power Supply Circuits, each Circuit      1.50

CONDITIONS:

Each intercommunicating system will consist of at least one trunk line and three stations, including receiving station.

EXHIBIT "B"

DESCRIPTION

OF

LOS ANGELES PRIMARY RATE AREA

Description of Primary Rate Area of Los Angeles Exchange.

The following description refers to the location of the Primary Rate Area boundary as indicated by the corresponding numbers on the attached map.

(1) A line parallel to and 300 feet northwest of the center line of Los Feliz Boulevard.

(2) A line along the northern boundary of T. 1 S. (San Bernardino Base Line).

(3) A line along the eastern boundary of Sec. 3, T. 1 S., R. 14 W.

(4) An east and west line through the intersection of the center lines of Highland Avenue and Cahuenga Pass Road.

(5) A north and south line passing through the intersection of the center lines of La Brae Street and La Brae Avenue.

(6) A line along the southern boundary of Sec. 4, T. 1 S., R. 14 W., extended.

(7) A line parallel to and 200 feet west of the center line of Laurel Canyon Road.

(8) A line parallel to and 200 feet northwest of the center line of Selma Avenue.

(9) A line parallel to and 200 feet northwest of the center line of Sunset Boulevard.

(10) A line midway between West Knoll and Higher Drive (Newcomb Street).

(11) A line parallel to and 200 feet south of the center line of Rosewood Avenue.

(12) A line parallel to and 200 feet west of the center line of LaBrae Avenue.

(13) A line parallel to and 200 feet north of the center line of Wilshire Boulevard.

(14) A line midway between Sierra Bonita Avenue and Masselin Avenue.

(15) A line along the center line of Pico Street.

(16) A line parallel to and 200 feet northwest of the center line of Carmona Avenue.

(17) A line along the center line of Washington Boulevard.

(18) A line midway between Clark Avenue and Mick Avenue.

(19) A line along the center line of Adams Street.

(20) A line midway between Clayton Avenue and Hose Avenue.

(21) A line following along the Pacific Electric Company's right-of-way.

(22) A line parallel to and 200 feet northwest of the center line of 9th avenue.

(23) A line parallel to and 200 feet southwest of the center line of Rodeo Street.

(24) ✓ A line parallel to and 200 feet west of the center line of 3rd Avenue.

(25) ✓ A line parallel to and 200 feet south of the center line of Vernon Avenue.

(26) ✓ A line parallel to and 200 feet west of the center line of Angeles Mesa Drive.

(27) ✓ A line along the southern boundary of the north half of Sec. 15, T. 2 S., R. 14 W.

(28) ✓ A line parallel to and 200 feet west of the center line of Keniston Avenue.

(29) ✓ A line along the southern boundary of the north half of Sec. 22 T. 2 S., R. 14 W.

(30) ✓ A line along the center line of Walnut Avenue.

(31) ✓ A line parallel to and 200 feet south of the center line of 67th Street.

(32) ✓ A line parallel to and 200 feet West of the center line of Van Ness Avenue.

(33) ✓ A line parallel to and 200 feet south of the center line of Manchester Avenue.

(34) ✓ A line along the Southern Pacific Company's right-of-way.

(35) ✓ A line midway between Mountain View Avenue and Chestnut Avenue.

(36) ✓ A line midway between Florence Avenue and Walnut Street.

(37) ✓ A line midway between Boyle Avenue and Benson Avenue.

(38) ✓ A line parallel to and 200 feet south of the center line of Cheney Street.

(39) ✓ A line midway between Downey Drive and Sunol Drive.

(40) ✓ A line along the center line of Whittier Boulevard.

(41) ✓ A line along the center line of Hughes Avenue.

(42) ✓ A line along the center line of Third Street.

(43) ✓ A line midway between Witmore Street and Mariana Avenue.

(44) ✓ A line along the southern boundary of Sec. 30 T. 1 S., R. 12 W.

(45) ✓ A north and south line 200 feet east of the center line of Gage Street extended.

(46) ✓ A line along the Pacific Electric Company's right-of-way.

(47) ✓ A line parallel to and 200 feet east of the center line of El Sereno Avenue.

(48) ✓ A line along a westerly extension of a line of Pacific Electric Company's right-of-way.

(49) ✓ A line along the western boundary of the City of Alhambra as of Dec. 1, 1924.



(50) ✓ A line along the southern and western boundary of the City of South Pasadena as of December 1, 1924.

(51) ✓ A line along the southwestern boundary of the City of Pasadena as of December 1, 1924, to its intersection with the northern boundary of Sec. 31, T. 1 N., R. 12 W.

(52) ✓ A line along the northern boundary of Sec. 31, T. 1 N., R. 12 W.

(53) ✓ A line parallel to and 200 feet southeast of the center line of Rockdale Avenue.

(54) ✓ A line parallel to and 200 feet southeast of the center line of Oak Grove Avenue.

(55) ✓ A line parallel to and 200 feet south of the center line of Oak Grove Drive.

(56) ✓ A line parallel to and 200 feet north of the center line of Campus Road.

(57) ✓ A line parallel to and 200 feet north of West View.

(58) ✓ A line along the center line of Glassell Avenue.

(59) ✓ A line midway between Ridgeway Avenue and Lawrence Street.

(60) ✓ From the intersection of a line midway between Ridgeway Avenue and Lawrence Street and the center line of College View Avenue, in a straight line to a point on the center line of Avenue 41, and 200 feet south of the center line of Jawona Street.

MEMO

(61) ✓ A line parallel to and 200 feet south of the center line of Wawona Street.

(62) ✓ A line parallel to and 200 feet south of Shearer Street.

(63) ✓ A line along the southern boundary of the City of Glendale as of December 1, 1924.

(64) ✓ A line due north and south through the intersection of the center line of Chapman Street and Weldon Avenue.

(65) ✓ A line along the center line of Chapman Street.

(66) ✓ A line along the Union Pacific Company's right-of-way.

(67) ✓ A line parallel to and 200 feet northwest of the center line of Treadwell Street.

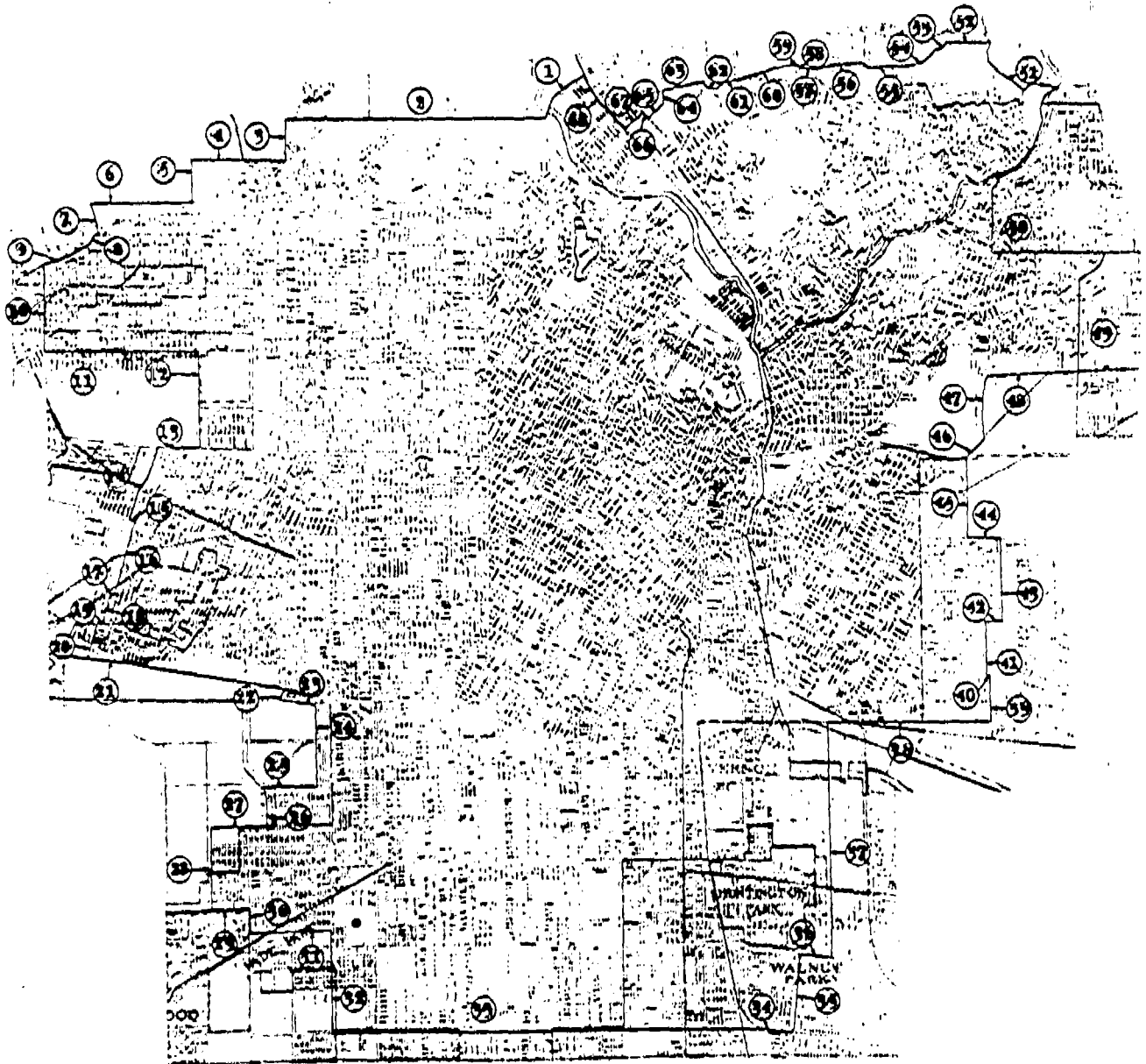
(68) ✓ A line along the Southern Pacific Company's right-of-way.

CALIFORNIA RAILROAD COMMISSION

PRIMARY RATE AREA  
OF  
LOS ANGELES EXCHANGE

SOUTHERN CALIFORNIA TELEPHONE COMPANY

Exhibit No. B  
App. 9048 Dec.  
Dec. , 1924



NOTE: THE NUMBERS HEREIN INDICATED REFER TO THE DESCRIPTION OF THE BOUNDARY OF THE PRIMARY RATE AREA SET FORTH IN AN ACCOMPANYING TABLE.

EXHIBIT "C"

TOLL RATES

### Rates for Toll Service

Rates for toll service between any two of the following exchanges, Los Angeles, Montebello and Culver City, and between any one of these exchanges and any other toll point are the rates determined in accordance with the terms and conditions of Order No. 2495, dated December 13, 1918, and Order No. 2797, dated February 17, 1919, amendatory thereto, of the Postmaster General of the United States; provided, however, that as to any toll points on a connecting line over which rates established by the Postmaster General do not apply, the rate shall be the sum of the rate between any one of the above exchanges and the connecting point on such line to which such rates established by the Postmaster General do apply, and the rate in effect between this connecting point and the toll point.

EXHIBIT "D"

MAP SHOWING

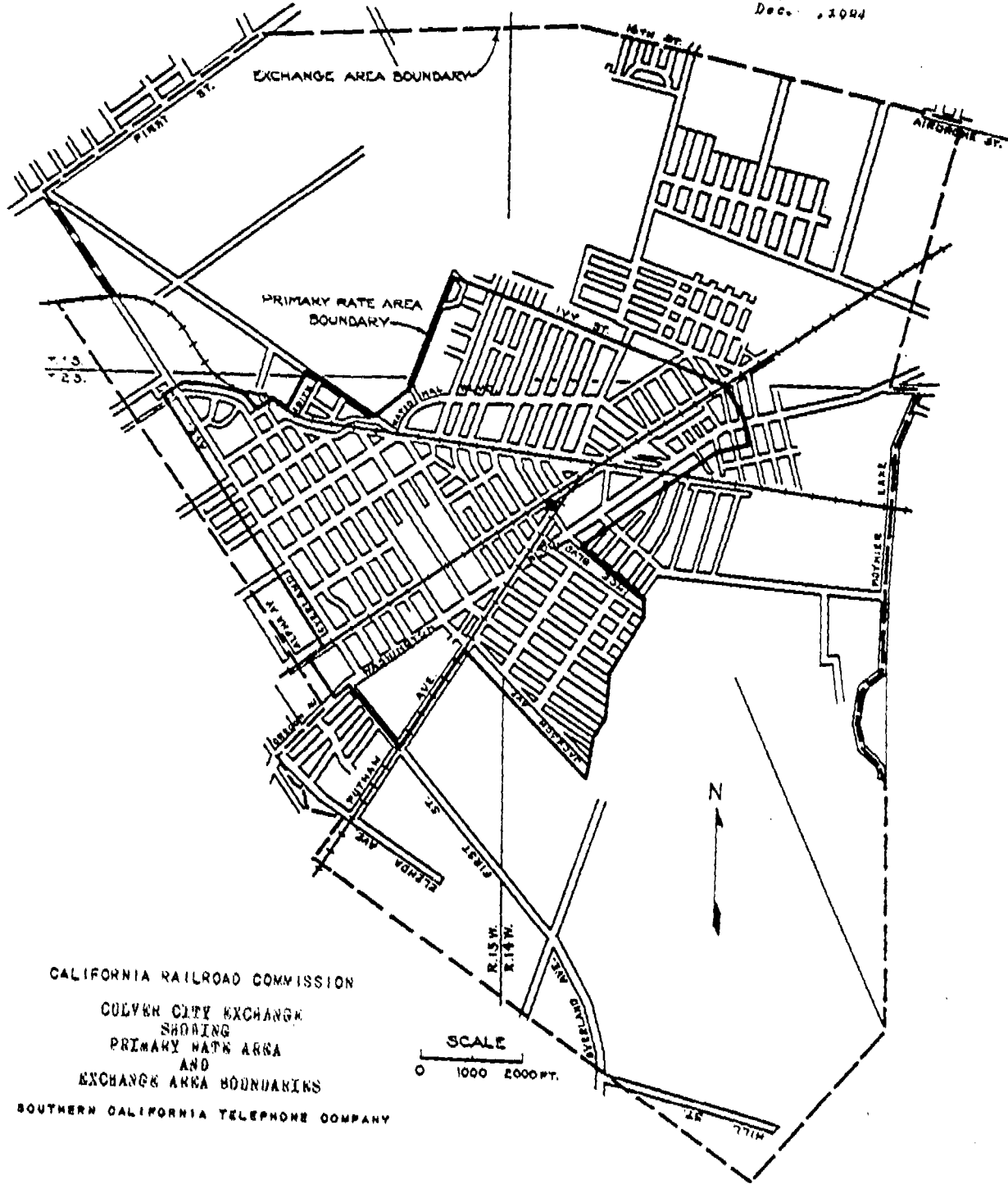
EXCHANGE AND PRIMARY RATE AREA

BOUNDARIES

OF

CULVER CITY EXCHANGE

EXHIBIT No.  
App. 9048 Dec.  
Dec. 1944



CALIFORNIA RAILROAD COMMISSION  
COLVER CITY EXCHANGE  
SHOWING  
PRIMARY RATE AREA  
AND  
EXCHANGE AREA BOUNDARIES  
SOUTHERN CALIFORNIA TELEPHONE COMPANY

SCALE  
0 1000 2000 FT.